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OUR SILVER COINAGE,

AND ITS RELATION TO

S AND THE WORLD-WIDE DEPRESSION IN PRICES.

BY

JOHN A. GRIER.

PRICE,

ONE FOURTH OF ONE OF
THE UNITS OF VALUE,
ESTABLISHED BY THE LAW OF
THE UNITED STATES, APRIL 2, 1792

ANNULLED BY THE LAWS OF 1873-4.
RE-ESTABLISHED BY LAW, FEBRUARY 28, 1878.

1885.

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With the Compliments of

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PREFACE.

To present an array of statistics and facts on the money question in an attractive way, is no easy task. All I have said has been done carefully and conscientiously. As far as it has been within my reach I have uniformly consulted official records. When my country needed my services in her defence, I tried to do my duty earnestly and to the best of my ability as one of the million; as such of my comrades who are yet living, but scattered all over the world, could testify. Now, as a plain citizen in this monetary emergency, I will try and do my duty, and I have expressed myself freely and fearlessly in defence of my country's honor and her prosperity which are now in great danger. I appeal to the people of our common country to rally around one of our old well-tried measures of value *the silver dollar*, just as we are now all glad to rally around our common flag. This is a contest, in which the poor man as well as the more prosperous is equally interested. Let the men who would be called upon to defend our country against a common enemy wake up, and see if we have not a momentous cause to join hands and hearts against the monetary wreckers and revolutionists of 1873; it matters not what may be their pretensions to financial wisdom or patriotism.

JOHN A. GRIER,
No. 633 N. 40th St.,
Philadelphia.

August 1, 1885.

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OUR SILVER COINAGE.

" Knowledge is wealth,—is power,—is happiness."

THIS pithy motto placed in golden letters on the wall of one of the old school rooms of my boyhood is distinctly remembered : " Knowledge is wealth,—is power,—is happiness."

Is there any wealth, is there any power, is there any happiness to be obtained from a few hours' patient study concerning some of the fundamental facts in relation to the silver dollar coinage? My object is to mass a few facts on this question, so that a busy, hard-working man may more easily master them, than by searching through official documents, or reading even far more scholarly productions. I will try to give some plainly stated truths, in such straightforward language that more of our busy people, who have no great amount of time nor inclination to study this abstract subject, may have some good reasons for throwing their influence in the right direction on this exceedingly important economic question.

Business depression and the shrinkage in prices. " Hard-times."

Nations are educated by events, not by arguments. The commercial and industrial depression in prices and in enterprise throughout the civilized world is a matter of sufficient importance to command the close attention and raise the curiosity of nearly every thoughtful person.

This world-wide depression in prices, this world-wide shrinkage of industries are notable events that will educate as no amount of argument can. This derangement in the monetary and industrial affairs of mankind is a sure evidence of some deep-seated economic disease.

It is an inquiry well worthy of the searching examination of the closest thinkers and of the best informed statesmen. The evidences of disease are very apparent; but the causes and the remedies are questions eliciting the most lively and contradictory discussion. Over-production, reckless speculation, action and reaction, intemperance, licentiousness, extravagance, useless expenditure in unjust wars and a thousand other causes are given. Troubles, such as the commercial world is now feeling, cannot justly be attributed to any single cause.

A bullet in the heart of a man is generally a sufficient cause to produce sudden death; so there are economic causes affecting a nation, sometimes severe enough to speedily bring about national extinction. Ordinarily, an individual suffers from a combination of accidents and the common incidents of life, his physical health is wrecked by a hundred causes; so

it is with the economic health of the commercial and industrial world. With all of the other chronic afflictions that have been bothering the world, and with which we have been contending, there is a new economic disease that made itself apparent in 1873.

It is the ill-advised attempt *to discard the use of silver as a full legal tender money metal.* After Germany had so successfully conquered France and taken from that country two of her richest provinces, and exacted an indemnity for the cost of the war of over one thousand million dollars, the unification of the German coinage on a gold basis was determined. The law was passed in the latter part of 1871, but was not in a fair way of execution until 1873. From 1857 until this time the sole legal standard of Germany was silver, but then active preparations were made (which, however, have never been fully carried out) to use gold alone for this purpose. In 1873 the United States united with them in this tremendous monetary revolution, without either the statesmen, the financiers, or the people realizing what was being done by the omission of a few words from a new law reorganizing the mints. No provision mas made in that law for the future coinage of the silver dollar which, up to this time, had always been one of our full legal tender coins. Previous to 1853 we had coined over 87 million dollars worth of silver coins, all of which, even the five-cent pieces, were, in the language of the law: "a lawful tender in all payments whatsoever."

The law of Feb. 12, 1873, did not demonetize these old silver coins, although it made no provision for

their future coinage; but in the law of 1874, the demonetization was made complete except for the payment of debts not exceeding five dollars. In 1873 this economic disease had a full start by these two great, powerful, commercial and industrial nations of the world, making the public announcement that as for them, they were going to get along in monetary affairs without the use of silver as a full legal tender money metal. Neither one proposed to abandon silver as a subsidiary coin.

Coined full legal standard money always the measure of intrinsic values.

Our object, now, is to study this effect of the attempt to abandon the use of silver as one of the world's well tried standard measures of value. A nation might possibly be prosperous and happy without the use of money metals, but civilized life is so thoroughly wedded to their use that it would be like cutting off the right arms of half the people of the land, to attempt to get along without these metals. During our late war millions of our people did not see a dollar in coin for years; yet our mints were busy in coining, and millions of dollars in accounts were daily settled strictly on a coin basis. During our war years, or the five fiscal years ending June 30, 1865, we coined nearly 174 millions of gold and over 7¾ million dollars worth of silver, of which over six hundred and forty-nine thousand dollars were in silver dollars. We also had a considerable amount of coined money scattered throughout the country,

and, although the people at large generally saw but very little of it during the war, it was the real measure of intrinsic value all the time. While coin almost ceased to be the medium of exchange, it measured the approximate value of the greenbacks and the national bank notes in the purchase of commodities and services. As the prospects of a successful ending of the war became brighter or darker, the chances that this representative paper money could be redeemed, in coin, were carefully calculated or rather guessed at, and the prices of all exchangeable commodities, as measured by these fluctuating greenbacks, fell or rose in obedience to this calculation or guess.

Coined Money Defined.

It is rather difficult to define with precision the exact meaning of the word money.

Coined money is a species of common merchandise which—on account of its special fitness for this peculiar duty as an agent of valuation, or as a common measure of intrinsic value, and as a medium of exchange for services or commodities, and for paying legal debts—commands the intervention of statute law in order to certify to its weight and fineness by coinage, and to fix its legal debt-paying value.

The average bullion or intrinsic value of this species of merchandise, coined into full legal tender money, is the common measure of the intrinsic value of all other species of property. It becomes, particularly, the measure of all debts. If the legal money is debased the owner of property, or he who

has his services to sell, can raise the price to suit the occasion, but legal debts and legal money go side by side, linked rigidly together. By the Constitution of the United States, Congress has power "to coin money and regulate the value thereof." Hence Congress has full command over all the legal debts in the nation. They have legal power to debase or enrich the full legal tender coin of the country, hence have power to decrease or increase all legal debts. Legal money is purely a creation of statute law.

The Supreme Court of the United States has confirmed, by a late decision, the power exercised by Congress in making our greenbacks full legal tender money for certain debts. This, however, does not entirely settle the question as to the positive distinction between real money and this legal representative money. One of the apparent indispensable requisites to the use of any material as *real* money, is, that on account of some peculiar qualities and fitness it shall approximate, in bullion or intrinsic value, before being coined, to its legal tender value after being coined into money. These requisites are completely filled by both gold and silver. We know that a very great proportion of the bullion value of both gold and silver is justly attributable to this use as money. These metals are specially valuable as bullion, before we as a government may decide to use them as money—simply because if we did not use them, some other nations might do so. The common sense and common usage of mankind have confirmed their use as money for at least twenty-four

centuries. But the abandonment of this use of either one of these metals as money by two nations of such commanding influence as Germany and the United States positively did depreciate the intrinsic value of the discarded metal, and increase the intrinsic value of the other. Yet, Senator Sherman, when he was Secretary of the Treasury, in his annual report of 1877, said, with a most remarkable want of knowledge on the subject, " no one did or could foresee the subsequent fall in the market value of silver."

The amount of Silver in our Silver Dollar never reduced a particle since the first one of 1794.

Can we abandon the use of either metal ? There are some facts that, when properly represented, are, to my mind, overwhelming in their influence, to cause an ordinary clear-headed man to say that for us to abandon the use of either one of the precious metals as money is an economic crime of gigantic proportions. When the Almighty issued his ten commandments amid the thunders and lightnings of Mount Sinai, He seems to me to have issued one very distinct and positive command against the sin of making a contract to pay a debt, and then repudiating that contract. When He said, "Thou shalt not steal," He seems to tell us, distinctly, that it would be stealing to make great debts, based on being paid either in gold or silver, at the option of the debtor, and then compel the debtor to discard one of these metals and make him pay the debts in the other metal that might be far more difficult to

obtain. The fact that the debtor has the option of selecting either metal, shows that it is a great act of injustice to change the contract and take away this option. In order to see into this case, we must refer to the precise details of the United States coinage laws. We must get knowledge; and if we have knowledge, we may have power to use it, and thus we may be of more utility in increasing our wealth, and in fostering our own happiness as well as that of mankind.

The enemies of the silver dollar have asserted most persistently, that it is a debased, a dishonest, a clipped, a light-weight dollar. The simple but positive reply to all of these base libels is an examination of the facts of the case. When you can positively reply that the facts will show, *that the amount of pure silver in our dollar of to-day is exactly the same that it has always been from the first coinage in* 1794, *until the present time*, the mouths of these libellers should be closed.

There was no change made in the weight of our silver dollar until 1837, when it was reduced from 416 grains to 412½ grains. There was as you will see 3½ grains of copper taken from the weight of each dollar coined after that date. This is the only debasement, this is the only clipping, this is the only light weight that the libellers can show. At the present price of copper, there is about eleven cents' worth, or exactly one pound avoirdupois in weight, taken from every two thousand dollars. Hence, every time you receive two thousand silver dollars for a debt made before the year 1837, you are legally

swindled by this coin-clipping Government out of eleven cents' worth of *copper*. But please remember that is according to the Constitution of the United States which gives Congress the power to "coin money and regulate the value thereof." This is the only change that has been made concerning our silver dollar, excepting the one made in 1873 and '74, when its coinage was not provided for by law and its legal tender power was taken away. In 1878, the silver dollar was restored to its old position as a full legal tender for all debts except when otherwise expressly stipulated in the contract.

If a debasement at all, it is such a very small one, that we think you will as freely forgive the Government for it, as you would a tramp who might pull a loose splinter from your fence in order to make a tooth-pick to remove from his teeth a troublesome part of his last free lunch. At that time, even after this debasement, our silver dollars were selling at one per cent. premium over the gold, hence, two thousand dollars in silver were worth about twenty dollars more than two thousand in gold. In 1834, on account of our imperfect system of coinage laws, we could not keep our coined gold at home, as we put fifteen pounds of silver as an equivalent to one pound of gold in our coins. In Europe they used generally fifteen and a half of silver to one of gold. This difference was sufficient under the imperfect coinage laws of that date to make us, as a nation, lose our gold about as fast as it was coined;—hence an alteration in the ratio was made. Congress, in the exercise of its Constitutional rights, reduced the weight

of the gold coins in 1834, taking over $6\frac{1}{4}$ per cent. of pure gold out of each dollar that was coined after that time. In 1837, they added a very small fraction and the gold dollar has remained unchanged from that time. This large reduction of gold in the gold coin was an effort to stand by the silver dollar as a steadier measure of intrinsic value, or unit of valuation, than the gold dollar.

The Fineness of Coin and the System of Alloy and Weight.

It is customary to speak of the fineness of coin expressed in thousands. In both gold and silver coins we now use 900 parts of pure metal to 100 parts of alloy. This is what the inscription 900 fine means that you have doubtless read on the unfortunate trade dollar.

In our first gold coinage we adopted the proportion of alloy used by our mother country, England, which, as they express it, is $\frac{11}{12}$ fine, or as we would express it now, as $916\frac{2}{3}$ fine. English standard silver was then, as now, 925 fine. The United States adopted the odd standard of $892\frac{89}{208}$ fine for our silver. In 1837, we adopted for both gold and silver, the more elegant and exact decimal, French system of alloy 900 fine. In 1834, we adopted this system for gold very nearly, but accurately in 1837. As most all newly found gold contains some silver, and as it was formerly more troublesome and expensive to drive it all out, the alloy for the gold coins was allowed to contain one-half of its weight in

silver and the remainder in copper. Since 1873, only one-tenth of the alloy is allowable of silver. The value of the alloy in coin is so slight as to be practically disregarded.

The total weight of the old standard gold dollar was 27 grains--composed of 24.75 grains of pure gold and 2.25 grains of alloy. The present weight of the standard dollar is 25.8 grains, of which 23.22 is pure gold, 2.58 grains alloy. The former weight of the silver dollar was 416 grains, of the then standard silver, of which 371¼ grains were pure silver and 44¾ grains of alloy or copper. The copper in our dollar since 1837 is, as we have observed before, 3½ grains less, leaving 371¼ grains of pure silver. A cent's worth of copper will furnish enough alloy for about fifteen silver dollars, or about two hundred and fifty gold dollars. This alloy is not put in to add to the weight or value but only to harden the metal and preserve the coin from excessive wear. In 1853, finding that we could not retain in use our small silver coins—(our fifty, twenty-five, ten, and five-cent pieces), the Government gave an opportunity to the people to bring all the old ones that remained in the country to the mint and issued new ones with about six per cent. less silver in them. Since then they have been named subsidiary coins, and were a legal tender for sums not greater than five dollars. Since 1879 they have been a legal tender up to ten dollars. They were no longer money, but became token coins. The changes we have mentioned are all that have been made in the *weight of metal* or *fineness* in our

full legal tender coins from the first organization of our mint to the present time. A provision was made in the law of 1834, that any one who had the heavier gold coins could pay them as a legal tender, based on their extra weight.

Legal tender coins have always been based on their *weight* by our laws. If under weight they could always be rejected. The weight, the fineness, the kind of metal, and the stamp of coinage were the four elements that had to be combined to make these coins full legal tender money. This kind of money is not representative of property, but is property, and when paid by the debtor to the creditor, that ends the transaction. But when token money (whether it be silver half-dollars or quarters, or our minor coins, such as the nickel five or three-cent piece, the bronze two or one-cent piece, the greenback or a national bank-note) is paid in the settlement of a debt, the debt is not entirely settled. The Government stands at the back of all its subsidiary silver and minor coins, and makes full provisions for redeeming them in lawful money when presented in definite quantities, at the proper places. Should the Government make this redemption in greenbacks, it again provides to redeem these in full legal tender coin.

The system of debased subsidiary and minor coinage is eminently wise and convenient. There is a constant but ill-advised effort made, however, to have the subsidiary silver coin made equal in intrinsic value to the full legal tender silver dollar. These token coins should always be considered simply as government promissory notes, printed on metal

instead of paper. Every reasonable effort should be made, by better coinage, to keep them from being counterfeited. The want of artistic skill and judgment, in making the dies from which these coins are struck, is generally and very justly condemned, and can be vastly improved. They are not money, and do not pretend to be money, although we speak of them in common language, as money. We always speak of the rising and setting of the sun, and speak correctly, but not scientifically. We know that we are understood, but do not mean to say that the sun makes a daily grand round across the face of the sky. These subsidiary and minor coins are very useful as mediums of exchange, and settle small debts legally; but let it not be forgotten that they no more measure debts than the check of a private individual. These small debts, as well as the greater national debts are really measured by the intrinsic value of the full legal tender gold and silver coins that are the real money of the government. As all other forms of money are redeemable in full legal tender coin, this coin becomes the standard or measure of all.

The Trade Dollar.

The Trade Dollar does not concern us much in this present discussion, as it was bullion coined expressly for exportation, yet it was one of the silver coins of the United States, and was a legal tender for over three years and five months, for debts up to five dollars. Nearly 36 millions were coined. Its

redemption should have been provided for at its face valuation, when it was demonetized in 1876. Our people should distinctly understand that this redemption was prevented even a few months ago, by the *vote of the anti-silver party in the United States Senate.* The legislation concerning the trade dollar has been bungling and most shameful.

The Coin in the United States not Excessive in Amount.

The stock of coin in our country has never been as great as it is at present. The official estimate of the specie in the United States, in 1852, makes it 204 million dollars; while the official estimate of the specie in our country on June 30, 1884, is 872 million dollars, of which 610 was of gold and 262 in silver. In 1852 our population was about 25 million, hence, while our population has been increasing a little over two and a half times, our specie has increased over fourfold. In 1820, with a population of less than 10 millions, Mr. Gallatin estimated our specie at about 26½ million dollars. Making all just allowances for inaccuracies in such estimates, it is evident that the specie in our country has, of late, increased much more rapidly than our population. Bullion gold and silver, although not real money, yet when in the hands of the government which controls the mint monopoly, are practically money when held in quantities easily coined. The Secretary of the Treasury, in his monthly statements, counts it all as part of the available funds to liquidate

debts. Possibly 2½ million silver dollars could be coined in the Philadelphia mint alone, in a single month, by an extra effort, and if this could be done, then it is probable that 2½ million double eagles, making 50 millions in full legal tender gold coin, could be coined there in a single month. Running a mint night and day, however, is not advisable, except in a great emergency; hence the necessity of carrying on the coinage regularly, and without undue haste. The capacity to convert gold into coin so much more rapidly, in case of necessity, than silver, gives gold a most decided advantage over silver as a bullion fund. Of late, the government generally, and most wisely, keeps about 60 millions in gold bullion, and only a few millions in silver. We have coined about 206 million silver dollars since 1878, and about 140 million of them are represented by silver certificates. France, with a population of about 38 million, has over 537 million dollars' worth of full legal tender silver in circulation. Our 206 million silver dollars does not seem excessive for our probable 57 million people.

The hue and cry that many intelligent people make about the useless coinage of silver dollars, that "nobody wants," and that are only made to clog up the government vaults, will not bear critical examination. We will find that these dollars are doing us good service, although quietly buried and resting in these steel-clad vaults. Every silver dollar coined will honestly and equitably pay one dollar of debt. Every silver dollar that is coined, has a tendency to reduce the burden of all debts. Every silver dollar

coined has a tendency to reduce the demand for gold, and hence reduce its bullion value when compared to silver.

The remonetization of silver, and its continued coinage, has removed this metal from the second-rate position in which it was placed in the year 1873, as far as we, as a nation, are able to replace it by our laws. It again becomes one of our money-metals, and is doing duty as one of the measures of all of the debts, as well as of all of the property in our country. We cannot make laws, however, for the remainder of the world, but we can set a good example, and throw our influence in a right direction.

Mono-metallism and Bi-metallism Defined.

In this discussion, there are two terms often used which should be understood: *mono-metallism*, which, as its derivation indicates, is the use of one of the precious metals as full legal tender money; while *bi-metallism* means the use of both metals. Everywhere, to a certain extent, both metals are used as money. Great Britain is said to be a gold mono-metallic nation at home, because gold is the sole standard of value, yet in her large empire of India, with her 237 million subjects, she is silver mono-metallic, as over 1000 million dollars' worth of full legal tender silver is used there. A debt cannot be paid in India legally, in gold. In England about 95 million dollars' worth of silver is estimated to be in circulation, but it is a legal tender only to the amount of forty shillings or less. It is, however, the money

of the common people generally. We have more gold than Great Britain.

The statement is made in the Congressional report of the Monetary Commission of 1877 that the population of the mono-metallic silver countries is about 770 millions; while the mono-metallic gold countries is about 93 millions. At that time the bi-metallic countries numbered 137 millions; to these we can now add our people, and we might say that 190 millions are now under the bi-metallic flag. Hence, those who used silver exclusively as their money standard or used it concurrently with gold, exceed those who use gold alone as a standard in the proportion of over ten to one. Some more recent statistics change these figures, yet the evidence is full and conclusive that gold is not the money of the world. We may estimate the rest of the people of the world as uncivilized, transacting their affairs by barter.

There are but few subjects the influence of which extends more positively over every hour of productive labor, to *every man's home* and possessions in this broad land, that has received less careful examination and is less understood than this money question. We, the people, must take hold of this silver question, and those who are patient enough to devote some earnest thinking on the subject, must make their influence felt at Washington. The Congress that will handle this question for the next two years is elected. The strongest kind of influence will be brought to bear in favor of the immediate stoppage of the silver coinage. Public sentiment is frequently

felt very positively, even at times when there is no opportunity to express that sentiment by the ballot; it should therefore be aroused. As about 45 per cent. of the money of the world consists of silver, and about 55 per cent. of gold, we see the commercial world standing face to face with one of the most colossal crimes of this or of any other age, when we see the efforts made to discard nearly one-half of the full legal tender money metals of the world. This monetary revolution has been led by exceedingly able, but we believe, misguided men. Authorities, deservedly ranking high in the estimation of the people, can be quoted largely for either side. The time seems to have arrived when this question of the continued use of both silver and gold as full legal tender money metals must be decided by the people in their sovereign capacity.

During the last Presidential and Congressional election the question was generally suppressed. Neither the platforms nor the letters of acceptance of either of the two leading political parties gave a clue as to how the party or the candidates stood. It was declared not to be a party question. In fact, the question was cunningly evaded by both parties, expressly, we believe, on account of its vital importance.

The hostility of the National Banks to the silver coinage.

The national banks of the United States have been particularly outspoken on the subject ever since the

coinage law has been passed. We know their general views and are utterly opposed to their method of thinking, believing it to be selfish and exceedingly impolitic and unwise, even for their own good. Mr. George S. Coe, President of the American Exchange National Bank of New York City (a very able and prominent gentleman), expressed, in a few words, the sentiments of many at the Bankers' National Convention, held at Louisville, Ky., in Oct., 1883. It was reported in the newspapers of the day that when he was foretelling the mischief that would probably be made by this continued silver coinage, he said: "that rather than have the outrage continue that it would be better that the whole amount of these rejected dollars that now encumber the Treasury vaults should be sunk in the sea." Do not get angry at such remarks. If a blind man runs against you on the street and yet insists on his being able to see, you are patient. Would you whip a young colt because he is afraid of a buffalo robe? When the streets bècome full of blind men we must be more careful of our own movements.

Even since 1878 there has been one long, unending howl from a large and influential class of people threatening bankruptcy and ruin from this silver coinage and an utter destruction of national honor and credit. These false prophets are still wailing. Their prophecies have not yet been fulfilled, but they continually cry "wait and you will see!" We have great financial troubles, but our national credit is not suffering. *It is the best in the world.* The financial troubles from which we suffer are world-

wide and so has been the effect of the partial discarding of silver as a money metal. We connect this particular cause with this effect. The feeble attempt of the United States to again use silver freely has not yet and cannot counteract the bad effect of the anti-silver agitation throughout the remainder of the commercial world. We have not coined enough. We have not shown a bold, manly example on the silver question.

The national executive administration and a large proportion of our leading newspapers have been bitterly and constantly hostile to the silver coinage. When Secretary Sherman, of the Treasury, in his Annual Report of 1879, taught that it was not a full honest dollar, he sounded the official key-note that has never ceased to ring. Although our national platform and the speeches and letters of the two leading parties were a complete blank on the question, President Cleveland had not yet taken his seat when he issued an anti-silver coinage letter that has opened up the entire question. This letter was ably answered by the friends of silver in Congress. Should the wishes of the anti-silver men be successful, a tendency to a further increase in the demand for gold, a further decrease in prices, a tendency to a further depression of business is, we think, inevitable. Even the marked position of the President on the silver question, we believe, causes a further decline and depression in our domestic affairs; and until the matter is adjusted by the decided action of the next Congress in favor of the continued coinage of silver, we fear that the effect will be injurious.

The gold men are in fairly good spirits and count largely on the divisions among the old friends of silver. The bi-metallists are sadly divided. Many who advocated the silver dollar law of 1878 are now anxious to stop the coinage until we can obtain the coöperation of more foreign nations, and some think we have coined enough, as our vaults are becoming too crowded to suit their ideas. Many of the mono-metallists would be satisfied if the plan of the issue of silver certificates based on the bullion value of silver measured by gold would be adopted. In fact, this plan is fathered by one of the leading friends of silver in the House of Representatives, Hon. A. J. Warner, of Ohio.

The silver dollar not now worth 100 cents in gold, but always worth 100 cents in silver.

We have shown that our silver dollar is not a clipped or light weight dollar. We are constantly told, however, that it is not worth one hundred cents in gold, and we admit that it is worth as bullion, at present, only a little less than 83 cents in gold. This is a point that deserves the fairest kind of a reply, and if it is found that either nature or the law of man has made gold a true, unvarying standard of intrinsic value, then our Government, perfectly regardless of other serious consequences, would be wise in selecting it as our sole standard. But please remember that gold, like silver, is one of the common commodities of life and its intrinsic value is subjected to exactly the same rigid economic law of supply

and demand. This truth is taught everywhere and by everybody who has the least weight in political economy. The entire weight of all scientific economists is distinctly thrown to the side, showing that there is no fixed measure of intrinsic value. When you hear that a well-known Philadelphia orator, in making an address to Philadelphia merchants on this subject, in 1880 (one whom some of our local newspapers were accustomed to quote as the highest authority on coinage), spoke of gold as "an unvarying yard-stick," as "the true measure of value," "as fixed as the North Star,"—be on your guard against pretense to science, not knowledge.

In fact, this is not a question a clear-headed, thinking man would ask of a political economist. A fair disinterested man, with a low classed brain power, should see plainly that if the supply of gold became very great and the demand but little, it would soon become much cheaper.

It is one of the pivotal points of this entire question that gold *has not a fixed intrinsic value;* that gold is not a true unvarying measure of intrinsic value. Neither is silver, nor are they both combined, unvarying measures of intrinsic value. Either one would be an *elastic* standard, and both together are necessarily *elastic standards.* But what the entire commercial world wants, and imperatively demands, is some standard of intrinsic value that will vary *less* than any other. This, we claim, has been given to us, by the concurrent use as money, of these two precious metals, by man as far back as we can go in historical records.

Can we compare gold as a measure of intrinsic value to a yard-stick as a measure of length, or to a bushel as a measure of capacity? Yet this is constantly done by people who misunderstand the whole question. You will see this done by careless thinkers on such subjects, but never by exact scientific scholars. The entire subject of weights and measures has always demanded the closest attention of some of the keenest intellects of every age. Lose all the yard-sticks in the world, lose all of our standard weights, lose all the measures of capacity, and we can refer to the unvarying laws of gravity, and from the swing of a pendulum and the rotation of the earth on its axis again obtain these measures. The swing of a pendulum under certain fixed conditions is as unvarying as the rotation of the earth on its axis. These are fixed measures that are unvarying. What nonsense it is, then, to compare with such measures, the fixity of intrinsic or bullion value of a metal like gold, the annual supply of which has varied eighteenfold in the present century! It is the commanding and most delusive fallacy of this entire question.

Gold is not a Fixed Measure of Intrinsic Value.

Professor W. Stanley Jevons, an English authority of the highest reputation as a scientific financier and statistician, in his valuable work on "Money" tells us that "from 1809 to 1849, a period of only forty years," gold rose in intrinsic value 145 per cent. Or, in other words, prices of the average commodities in use in England during that period fell about

60 per cent. measured by gold. This means, that during these 40 years, gold was getting scarcer and dearer on account of the extraordinary demands made for real money by the increasing commercial and industrial activity of the world. This was equally true of silver, as for the first 73 years of this century, on account of the world's practical bi-metallism, particularly in France, the intrinsic value of gold and silver, when compared with each other, varied but a trifle. After 1849, came the immense flood of gold from California and Australia, reaching its height in California in 1853, and in Australia in 1856. Notwithstanding this immense supply of gold on the markets of the world the practical bi-metallism of the commercial world absorbed it all, setting silver free and maintaining the equilibrium in the relative intrinsic value of these metals. Coined money became cheaper, or in other words, prices of labor and the products of labor rose, debts remained the same, measured by dollars or francs, but the burden of debt was greatly lightened on the backs of the producer and taxpayer.

Is it not evident that the intrinsic value of the full legal tender coins measured by debts or commodities varied greatly during this period? Use your own judgment and do not refer to others to think for you on a question so simple and yet so important.

The Meaning of the Word Value, when applied to Money.

There is a fallacy lurking under the use of the term " value," when applied to the word money, to

which I wish particularly, to call your attention. This term "value" should be qualified either by distinct words, or by its surroundings, in order to be understood. For instance, an English pound sterling had the debt paying value of one pound from 1809 to 1849. Yet, Professor Jevons tells us that it would purchase about 145 per cent. more of the articles generally used in common life in 1849 than in 1809. The legal debt paying value of the coined pound remained unvarying, fixed; while the purchasing or exchangeable value increased in this surprising ratio. The statute law fixed the weight, the fineness and the debt paying value of the pound sterling; but here the statute law stops, as it always must in a free country, and the people, independent of statute law, will regulate prices. In the midst of our darkest greenback days a dollar greenback was worth a trifle more than 35 cents in gold and about 33⅓ cents in silver, yet it would pay an ordinary legal debt equally as well as either of the coined dollars. This was the debt paying value fixed by statute law. Go into our markets and you could buy more articles with the gold dollar and three per cent. more with our silver dollar, but the legal debt paying value of each of these coin dollars was only equal to the debased greenback.

The legal tender value of the money of a nation is a very serious matter to trifle with, and should never be touched except in the most serious emergency or for a very sound reason. Our Government has kept faith with the people in our coined money with great credit. The change in the debasement

of ten and a half cents (the price of copper now) in every two thousand dollars of silver coined after 1837, and the deduction of about 6¼ per cent. from the gold coined after 1834, has been the only tampering with the full legal tender coins until the year 1873. As Congress has the constitutional power to make these changes and had good reasons for them, we cannot justly find fault.

It has been said that if, when we made the change, in 1834, of altering our ratio from 15 lbs. of silver to 1 lb. of gold—to our present ratio of nearly 16 lbs. of silver to 1 lb. of gold,—had we then adopted the general European ratio of 15½ to 1, it is probable that this ratio would have been adopted by this time as an international ratio greatly to the benefit of the commercial world. Having adopted our independent ratio, we can not easily nor wisely drop it under the present accumulated load of debts which it measures. During the four fiscal years ending June 30, 1865, or, as we may call them, our war years, the average value of the silver in the silver dollar is officially stated to be about 3¾ per cent. greater than the value of the bullion in the gold dollar. In these years about eighty-nine thousand silver dollars were coined, notwithstanding this difference in the market price of bullion. There was quite a large amount of subsidiary silver coined also, but it did not get into the hands of the people, except on the Pacific coast, where coin was used in general, during our greenback days. Previous to 1857 certain foreign silver coins were a legal tender at a rate fixed by the Government, and Spanish, Mexican, and other silver

dollars filled the place that should have been filled by our own coins. The use of this foreign money was then quite extensive. There is no disputing the fact that the great bulk of our large coin payments, of late years at least, have been made in gold and not in silver.

In round numbers, our mints have coined since their establishment, about 1400 millions of gold, and only about 434 millions of silver. Previous to 1873, of all this immense sum, we coined but little over 8 million silver dollars. As about 87 million dollars was coined in silver money,—when all silver was "a lawful tender in all payments whatsoever," and about 5¼ million silver dollars were coined after 1853 to 1873, and about 206 since 1878,—we can see that about 298 million of all the silver that has been coined has been a full legal tender in all payments excepting from 1873 to 1878. So silver *has played a very important part in the full legal tender money of the United States.* When the false assertion is made that gold alone, unaffected by silver, measured the value of debts and exchanges, we must utter a most decided protest. The measuring of the intrinsic value of commodities or services, done by full legal tender coined money, is a duty performed by this money that should never be lost sight of for a moment.

Coined Money the Measure, but Paper Money the Principal Medium of Exchange.

On June 30th, 1880, the then Comptroller of the Currency, Hon. John J. Knox, received the statistics

of that day's work in nearly two thousand of our National Banks. A business on that day is reported of nearly 274 million dollars, but less than one per cent. of this entire business was done by coined money, including gold, silver, and minor coins. What percentage of this was caused by the token coined money for the sake of making small change, is not noted. Is there any reason to doubt that, although over 99 per cent. of this immense business was transacted by means of some of the various kinds of representative money, that the intrinsic value of the full legal tender gold and silver coins regulated or measured the entire business? Unless you can grasp the idea clearly—that the most important function of full legal tender gold and silver money is to measure the intrinsic value of everything—while its minor function is to act as a medium of exchange for commodities and services, I fear that the study of this little book will not be satisfactory.

All the property of the civilized world—all the debts of the civilized world—are measured by the bullion value of the metals used as full legal tender money. When a legal debt has to be paid, and the bullion value of the money metal has been increased from any cause, either by the diminished supply, or increased demand, the debt becomes really larger, yet it will still be named as so many dollars, pounds, francs, marks, or by whatever may be the name of the national money of accounts.

Gold and silver together have done this measuring, and this tremendous monetary revolution so unfairly

started in 1873, is making an effort to discard silver from this important duty.

With charity towards others who may think differently, but feeling as I do on this subject, I would shrink with as much reluctance from aiding or abetting such an infamous scheme, as I would from deliberately putting a deadly and insidious poison in a river furnishing a city of a million inhabitants with its drinking water. It is no small crime to assist to wreck the social and financial happiness of hundreds of millions of people, by thus unsettling the value of the accumulated wealth of ages, and of almost doubling the vast amount of legal debts of the world. A man or nation will righteously defend property as courageously as they will life. I speak strongly, because I feel earnestly as one whose heart is in sympathy with human sufferings and human struggles. Double the debts of the world, and decrease by one half the value of accumulated labor, and a wrong would be committed, of which no one, unless he was an enemy of the human race, would wish to be accused. This is what, we believe, the entire discarding of silver as a full legal tender money metal would do, and is what the partial discarding of silver has a constant tendency to do.

It is a revolution undertaken by these false monetary reformers to which the attention of the mass of our people—we who do the voting and the fighting —should be turned by the strongest possible language. It is a question in which the people have an immense interest at stake, and yet, I am sorry to say, they have given it comparatively but little atten-

tion, thinking it is a question of no importance to them; they seem willing to let the bankers and politicians talk and quarrel over it without their advice or influence.

Our National Debt, including the Greenback, Pledged to be Paid in Coin, not Gold.

Our great national debt was contracted to be paid in *coin*. At the time when this debt was contracted, and until 1873, as I have shown, there can be no possible dispute, nor reasonable question, as to what a coined dollar meant under the laws of the United States. We had two: the one of standard gold, weighing 25.8 grains; the other of standard silver, weighing 412½ grains. The exact fineness of these standards was clearly defined in our laws. They were each an unlimited legal tender for all debts, public and private, unless otherwise specified. They were each regularly coined at our mints. We are happily governed as a nation by written laws, and not by the whim of an irresponsible ruler.

The example of that great brainy nation, Germany does not justify us in changing our laws in regard to our money metals. Perhaps, when the Germans find out the exact cause of nearly a quarter of a million of their people annually tearing themselves from their native land, they may find this partial discarding of silver had more to do with giving them long hours of labor, coarse food and general poverty, than they will now admit.

Perhaps, if our English cousins knew everything,

they might find that the miserable times that are recorded during the first twenty-five years after the close of the Napoleonic wars, and after the partial discarding of silver in 1816, were due in a greater degree to this cause, than they now suppose. The records of those fearful years in the history of the common people of Great Britain, are an ugly blot on their boasted intelligence, civilization, and professed Christianity. Augustus Mongredien tells us, in his little history of "The Free Trade Movement in Great Britain," that in 1841, in the city of Leeds, there were nearly 21,000 people whose average earnings were less than twenty-five cents a week, while wheat cost about one dollar and eighty-eight cents a bushel, with an average protective duty of seventy-five cents a bushel. Let any of our people who may complain of "hard times" and yet turn to England for financial wisdom, think of facts like these, and thank God that they live in better times and under a wiser government. This was, he assures us, only a representative case, while all through the country there was the same kind of distress. He justly blames this distress on the infamous system of "protective tariff," as they foolishly called their duty on grain, or Corn-Laws. Other historians tell us of the miserable condition of commercial and industrial affairs after 1816, when silver was discarded as a full legal tender money, and the great war debts, as well as private debts, based on both metals, had to be paid or adjusted on the basis of gold alone. Mortgages by the hundreds, given for one-third or one-half of the purchasing price of property, became

the deeds to the entire property. They had the same kind of a monetary struggle that we had in getting down from a paper basis to a coin basis. We believe that their paper money never got below a discount of 41 per cent., while ours struck about 64 per cent. In our darkest days we quoted gold at 284. We had a hard pull in getting down towards a coin basis up to 1873, but this struggle was greatly intensified in our attempt to get down to a *gold* coin basis from 1873 to 1878.

This gold legislation, doubtless, greatly intensified the grievous burdens of the Southern States during those very troublesome years. It greatly injured their restoration to prosperity, and did an immense amount of harm.

Do not let us turn to either Germany or England, and accept all they may try to teach us, as the quintessence of financial wisdom. National distress is not generally caused by one mistake in government, but a grave financial mistake will always be a most fruitful cause of misery. The discarding of silver as a full legal tender money metal in 1816 by Great Britain, and partially by Germany in 1871, has not produced all the distress it would have done if all other civilized nations had followed their example. France, by her financial sagacity, has particularly acted as the great international balance-wheel, maintaining, for the first seventy-three years of this century, a comparative equilibrium in the intrinsic value of silver and gold. In self-defence she wisely closed her mints against silver in 1876, and has kept them

closed ever since. As we have seen, she is abundantly stocked with full legal standard silver money.

The effect of the Greed of the World for Gold.

Is it not most evident that a fierce legislative grabbing for gold among all the civilized nations of the world will make gold scarcer and dearer? When we say gold is dearer, it simply means that it will require more of the products of human labor, or more days' labor to procure a definite quantity of gold, or its equivalent in paper money, to pay debts. Should a farmer have a mortgage against his farm, it means that he must raise more grain or other products to obtain the money to pay either his interest or the principal of his debt. The debt may remain exactly the same measured by dollars, but the burden of paying the debt may be doubled by the coin becoming twice as dear as it was when the mortgage was given.

A thoughtless person may say, that as he has no debts, the silver question is of no interest to him. No one, unless he is a dependent or a pauper, can live in a civilized community without sharing in the payment of the debts of that community and of the nation. In fact, the hard working and poorly paid day laborer feels his portion of taxation more severely than the prosperous business man. He may never see a tax-collector, indirectly he has much less tax to pay, but paying that little, deprives him and his family of certain much desired comforts or necessaries.

A Debt: a Contract.

It is the desire of all honest men to pay their debts as agreed upon, if possible. Every debt made payable in money at a future date is a contract. This contract does not guarantee the intrinsic value of the money that is to be paid. In other words, the contract does not guarantee the price of commodities when the debt becomes due. The government that makes the statute law for the collection of this debt and for its payment in money, when due, has no strict moral right to alter the money of the contract until the debt is paid. This is exactly what our government did, when, in 1873, it put it out of the power of the people to pay either the principal or interest of the public or private debts in silver coin. It was well to remedy this great wrong of 1873 in 1878.

There are thousands of intelligent people who erroneously think that we would dishonor ourselves if we should pay any part of this debt in silver dollars. They seemingly forget the history of the silver coinage of our nation. They forget that this question was settled in 1869, long after the war was over, and when certain people were advocating the policy, with a great show of argument, that the way to pay an old debt was to make a new promise to pay it. By the act of Congress passed March 18th, 1869, it was solemnly promised that in order to remove any doubt as to the purpose of the government in this matter, all just obligations were pledged to be paid in coin, or its equivalent, except when otherwise

provided. The redemption of the greenback in coin, "at the earliest practical period," was also pledged in this same law. Let it be remembered, that the word in the law is "*coin*," not gold, not silver, but coin, and we had two kinds of full legal tender coin —gold and silver. Would it not be well then to promptly commence this redemption, and issue one and two dollar silver certificates in the place of all the one and two dollar greenbacks?

Coin obligations of the Government payable in silver coin at the option of the Government.

It is said that the average amount of coin paid for our dollar bonds was only about 57 cents. We accept the contract as perfectly fair and are willing to return one dollar in coin for each, together with the interest in coin until they are paid. At present it is just as convenient for the Government to pay coined gold as it is to pay coined silver, and let the Government take its option. The day may come, and, in fact, looks as if it were getting near when the Government may see fit to use some of its silver in paying coin obligations. Be assured, if that day does come, the Government is under no more of an obligation, either by law or in equity, to pay the bond-holders in gold coin than you would be if you at this time employed a man to do a piece of work for a dollar and you would pay him in silver. He might know that you had plenty of gold, or if you did not have it that you could well afford to get it,

and demand that you pay him in gold. He might very unjustly denounce you as a scoundrel because you did not and would not pay him in gold.

On July 12, 1882, a law was passed requiring the Government to stop the issue of gold certificates whenever the amount of gold in the Treasury reserved for the redemption of United States notes fell below 100 million dollars. This was simply an acknowledgment by the Government that the Treasury notes (greenbacks) were a coin debt and that this amount of coin was reserved as security for their payment. Should the Secretary of the Treasury have any other full legal tender coin at his command and greenbacks were presented for payment, it is entirely optional with him by law to redeem all of these greenbacks with either gold or silver. The gold is there as part security that they will be redeemed in coin, but that is no reason that this kind of coin *must* be paid. Should you borrow fifty dollars and deposit your hundred dollar watch as security, when you pay the fifty dollars legally, your claim for the return of the watch is complete. The greenbacks were, in a measure, a forced loan made by the people to the Government, which loan is not yet paid and the people are now so well satisfied with it that they do not demand its immediate repayment, and the Government shows its ability to pay it when demanded and has wisely made provision to meet all probable legal demands.

Gold payments oppressive, as felt in our Panic from 1873 to 1879.

Do you recall the incident that when we, as a nation, were particularly squeezed under the mono-metallic thumb-screw during the six financial famine years ending June 30, 1879, that with our united energies as a nation we paid off our national debt at the slow rate of only about twenty million dollars a year? I do not attribute this evident national weakness during those years to this gold mono-metallism alone, but I believe it was the leading and treacherous cause at the bottom of our troubles prolonging and intensifying that uncomfortable panic from 1873 to 1879. Soon after the remonetization of silver coinage in 1878 we had a spurt for a few years of fairly good times, caused in part by our excellent harvests and the correspondingly bad ones of Europe.

Although we are one of the most powerful and influential nations of the world, we depend to a large extent on a thrifty world beyond the seas to market our surplus products. This extraordinary greed for gold has increased the demand for it, and as gold plays such an important part in measuring the value of our products abroad, these products when sold bring us less money. This world-wide depression in prices is caused by this new legislative greed, and in turn the depression in prices has discouraged the leaders of great industries from going ahead with their accustomed energy or has prevented them from starting new enterprises on a falling market.

The financial world is sick, very sick. Is it not

plausible that this sickness in a great measure is traceable to this comparatively new cause, the partial discarding of silver as one of the principal money metals of the commercial world? When this monetary revolution is settled there are plenty of other mischief-making causes that will probably keep us from enjoying the millenium.

Although we want a thrifty world in order to sell our surplus products, such are the unexampled capabilities of our own magnificent country that we have it in our power by a declaration of industrial independence to enjoy as much, if not more, of the blessings of life than any country under the sun. Besides the many things in demand from legislation we especially demand a sound financial system, and an abundant currency worth 100 cents on the dollar, at all times redeemable in coin.

In this age of the rapid advance of physical science, steam, electricity and labor-saving machinery, we have been making most wonderful progress in commercial and industrial activity. The annual supply of gold to the world is *decreasing*, while that of silver is *very slightly increasing*. From these reasons it is not improbable that a debt payable in gold alone, thirty years hence, may increase wonderfully in intrinsic value, unless this value is regulated by bimetallism. Bearing in mind the new demand for gold and our *decreasing* supply, every effort that we make to reduce its importance as a money metal by the use of silver has a constant tendency to decrease the intrinsic value of gold and increase the intrinsic value of silver.

Extraordinary efforts have been made by men of great breadth of intellect and influence in the respective countries of Germany and Great Britian to persuade them to again remonetize silver. So far these efforts have been failures. But the melting up and sale of the German stock of silver ceased in 1879, after a direct loss to that Government of over 17 million dollars. It is said that there are over 150 million of these German silver thalers still left doing full duty as full legal tender money. Bismarck found fault with his Minister of Finance, Delbrüch, and intimated very plainly that a mistake was made in their haste to change the basis of all debts. Revolutions go slowly, especially backwards. Even now the Imperial Bank of Germany holds three times more silver than gold as its legal reserve for its notes.

There is a large and influential class of theoretical bi-metallists, as we may courteously call them, in our country who strongly advocate the stoppage of the silver dollar coinage in order to hasten a financial crisis in these countries across the seas, so that they will be compelled by threatened bankruptcy and ruin to comply with our wishes in this respect. I feel afraid of the influence of these dubious friends of silver, and cannot understand their reasoning nor sympathize with their plans. While a stoppage of our silver coinage would probably do considerable financial mischief to both England and Germany, I fear greater mischief at home. It is like sinking our ship in order to get rid of rats.

We have a serious duty as one of the most influential nations of the earth to perform. We are

right in setting a good example in stemming this revolution by coining full legal tender silver, and need the silver to give greater stability to our financial situation and to reduce the burden of our legal debts. The mistake we have made is in not working our mints to their full capacity ever since the silver law was enacted. We should at least have absorbed all of our domestic production of silver. During the last few years we have exported about 12 million dollars' worth of silver annually.

I care nothing in particular for the prosperity of our silver producers. They deserve no more nor less consideration than the producers of any of the other commodities of life. Most of them ask no favors, but they want fair play. They are not like the manufacturers of heavy guns or first class steamships. These, are essential for national protection and independence; the silver producers are not. They are a laborious and most worthy class of pioneer citizens and are doing most excellent service in enriching the world and in opening up our wild western lands. I would advocate the continued and even the increased coinage of silver, even if we did not produce an ounce of it in our country. Every dollar coined will pay one dollar of our national debt honestly and equitably. Every dollar adds to our national prosperity. Every dollar tends to increase the value, measured by dollars, of a day's labor, and most justly decrease the burdens of all legal debts. We cannot probably get other nations to re-coin their money to suit our ratio, and we cannot change our ratio to theirs without a

breach of contract. It is worth while for you to take a good, square look at this national debt and see how we are handling it.

Our National Debt.

On August 1, 1865, in round numbers, our National debt was 2756 million dollars, after deducting the entire amount of cash in the United States Treasury. On June 30, 1885, it was 1485 million dollars, after deducting all the cash in the treasury. Hence, we have paid off about 1271 million dollars during these twenty years. This is a large sum—do you realize what it means? It has been a payment of over $7,250. for every hour, day and night, for twenty years. In addition during these twenty years we have paid off about 1890 million dollars in interest on this debt. This means nearly $11,000. paid out every hour, day and night, for twenty years in interest. With all this enormous outlay, of which we as a nation are justly proud, we are startled with the information that our debt is larger now than when we thought it was the largest in 1865. In dollars it is smaller, but measured by cotton or bar iron, two of the leading products of human labor in our country, it is *larger*. The products of human labor to-day are so cheap when compared to the prices of 1865 in gold, that it is a fact, that measured by a large number of articles, the debt has increased.

The silver advocates in Congress, on March 1, of this year, in reply to President Cleveland's anti-

silver coinage letter, make the statement, on their own calculations—that 18 million bales of cotton would have paid the debt in 1865, while it would take 35 millions to do it now, although so much decreased. They also say 25 million tons of bar iron would have paid the debt in 1865—while it would take 35 millions to pay it now, after our twenty years vigorous struggle to reduce it. I cannot quite verify this statement, as I do not know at what time they estimated the debt. However, it is stated in an official price list that cotton averaged about 34.9 cents, in gold, a pound in 1865, and is now about 10½ cents. Bar iron is stated in the same list at $82.40 per ton in gold and is now about $40.00. Roundly speaking, while our debt was one hundred cents in 1865, it is now reduced to fifty-four cents. Then, if one dollar in gold in 1865 would buy no more of any article than fifty-four cents will now, the debt remains unreduced when measured by that particular article.

That very eminent English political economist of the last century, Adam Smith, teaches us that "human labor is a more correct measure of intrinsic value than either gold or silver." But of course, we cannot use human labor as money. I am anxious to see this silver question in the hands of the sovereign people, or as Lincoln used to call us the "common people." It must be taken and decided by us at the ballot box and by our personal influence. Our Congressmen who will be asked to legislate against it are already elected, and our influence, not our votes, is all we have to exercise on the question

for the next two years. Let the business man, the farmer, the mechanic, the day laborer ask themselves "can we earn 54 cents to-day as easily as 100 cents in gold in 1865?" To assist in this calculation I might mention that the average premium on gold in 1865 was about 57 per cent. Do not ask only what is the price of articles to-day compared with those in 1865, but ask yourself what are your chances of getting the money itself. It makes but little difference how cheap articles may be, unless you have either credit or cash to buy. Then, if you find that it is just as difficult to get 54 cents to-day, as it was to get a dollar in 1865, then the national debt to you individually has not been reduced as a burden. It is true there are more of us to carry the load, as in 1865 it was estimated at $78.25 for each individual; now it is not more than $26.00. Then the annual interest was about $4.29; now, it is scarcely a dollar for each of us. So we have something to show for our $18,000. hourly payments for twenty years.

Pensions.

There is another well defined and sacred national debt that we must pay, although it is not a bonded debt. The pensions paid to our soldiers and sailors and their dependents amount, roundly, to about 58 million dollars a year for the past five years and may grow rather than decrease. If we take this debt in sums that we can mentally master, it is over $6,600. per hour. We can walk off, as a nation, under all of these burdens with a smile.

But let our people be oppressed by unwise legislation and we will probably see the same disorganization that is seen in Europe. In fact we see ugly signs of these things occasionally now in our strikes and labor troubles. In the long run, this would mean more soldiers, more debts, more pensions, and all the evils that fall on a badly governed nation. I have been trying to get you to grasp the idea that the national debt is a very large element in the discussion of this silver question. The amount, however, is so great that no man can comprehend its magnitude.

Our National Debt as it would appear on Wheels.

Allow me, for your amusement, to mount this debt on wheels and let us have an imaginary parade. If every dollar contained in the National treasury was paid out on June 30, 1885, we can see by the official report that we would have about 1485 million dollars remaining unpaid—as a debt—without even one solitary silver dollar left unused to settle it. Knowing the weight of a gold dollar, you can calculate if you see fit on your thumb nail, that this debt unprovided for, except by the future products of human labor, will weigh over 2443 full legal United States tons of 2240 lbs. avoirdupois. Put this on wheels in ordinary coal carts, each carrying a full ton and give each horse and cart the space of eighteen feet as standing room, and you will have a *golden* procession reaching over eight miles

in length. To one familiar with Philadelphia, the picture becomes more graphic, if you will imagine these carts filling up Chestnut Street from curb to curb, four abreast, and the procession extending from the Delaware to the Schuylkill river.

Put it in silver dollars and the weight would be increased sixteen times, and our imaginary parade would extend nearly one hundred and thirty miles. Think of a lumbering train of carts extending from Philadelphia to Washington, loaded with silver dollars measuring our national debt—remaining after the Government vaults might be entirely emptied of what are most uncharitably called the *useless* silver dollars! If the people can obtain, by any such graphic methods as I have seen fit to use, a clearer idea of the national debt, and then multiply that sum, as great as it is, by five or six, they will approximate to the total debts of the community, as estimated by some very reliable statistician. Then keep it before your mind all the time, that the intrinsic value of the full legal tender coined money of a nation is the measure of the value of all of these debts made payable in legal money. Every silver dollar that is coined has a constant tendency to decrease the demand and importance, and hence the bullion or intrinsic value of the gold dollar, and thus justly lighten the burden of debt. Hence, we say with great earnestness, let the good work of coining these dollars go on to the full capacity of our mints. These debts are our debts, made under our own laws; the remainder of the civilized world are spectators, but they can not make laws for us,

nor can we make laws for them. Monetary laws of different Governments may produce the most marked effects on other nations, but there are some things in which we must and can act independently of the rest of the world. Our nation is not entirely governed by men, who, before they buy a suit of clothes, a carriage, or a set of harness, anxiously inquire if they are in correct English style. Fashion affects us all to a certain extent, but there is a robust, hardy spirit of Americanism that still feels the blood of 1776 running in our veins, and knows that we are old enough and wise enough to settle many of the great problems of political economy on an American basis.

Professor Sumner as an Anti-Silver Advocate.

Professor William G. Sumner, of Yale College, in an elaborate article against the silver coinage in the *Princeton Review* of Nov., 1879, tells his readers that this notion that legislation affects values is "the root error of a dozen mischievous fallacies." Now, this is a simple assertion, on which he builds his arguments, that can be refuted by every thinking man in the country. Coined money is one of the useful tools of trade, which is wisely manufactured by a Government monopoly, in our mints. As silver is one of the metals extensively used, can not a plain thinking man,—although he may not be in receipt of a handsome salary as a professor of political economy in a first-class college,—see that if national legislation makes a constant demand for

the commodity, silver, this demand will have a tendency to increase its bullion value? The want of a legislative demand for silver throughout the commercial world since 1873, is unquestionably one of the positive causes, and in fact, the leading cause, for the decline in the price of silver as bullion. The world's annual supply of silver has increased *very slightly* since 1873. When we compare the world's annual production of silver since 1873, with the amount held by the world previous to this date, the percentage is seen to be very trifling.

In running the mint establishments, there is a constant demand for machinery, coal, wood, acids, copper, zinc, tin, and a thousand different articles needed in an ordinary manufactory. Each article used has a tendency to increase the demand and hence the price. But when the articles in demand are like gold and silver, of which the world's supply is comparatively limited, then the demand is more sharply felt.

In the mass of valuable statistics collected and published by the International Monetary Conference held at Paris in 1881, is a statement that all the gold in use in any way by man would weigh about 30 million troy pounds, and the silver would weigh about 480 millions. They caution us to accept such statistics with some reserve, but we can certainly give them credit for giving us a fair guess, and this is about all this estimate really amounts to. If we accept these data as correct, then the entire pure gold in the world could be cast in a cubical block about twenty-nine feet square; and about twenty-seven of these blocks would

represent the silver in bulk. It would make over 11,000 United States tons of gold, of 2240 lbs. avoirdupois, and over 176,000 tons of silver. These are no small quantities, but we must remember that in the human family of over fourteen hundred million, the share of each would be small. Without depending too much on such statistics, we all know that both gold and silver are comparatively scarce commodities. This scarcity is a very important element in establishing the value of these precious metals. Many are not aware that an avoirdupois pound of pure gold is valued at \$301.46$\frac{494}{1136}$, or that it is about forty thousand times more valuable than pig iron; while silver, as bullion, is worth over twenty-one hundred times more than pig iron.

The average price of pure silver for the fiscal year, ending June 30, 1884, is given by Mr. Burchard, the late director of the United States Mint, in his official annual report, at \$1.11$\frac{56}{100}$ per ounce. This would make the silver dollar worth over 86¼ cents. In July, 1876, our silver dollar was worth only 79¼ cents. Silver is worth, at present prices, about one hundred and forty-eight times as much as copper. In old historic times, and even up to the commencement of this century, copper played a minor part as one of the money metals. The people of the world were poorer, and copper was much dearer than now. On account of the great abundance and decreased value of copper, as well as its marked unfitness for a money metal, when compared to either gold or silver, the civilized world has wisely discarded it entirely, except as a minor coin metal. The debts of the

world have not been made on a copper basis, while they have been made on a gold and silver basis. This makes a great distinction. There are said to be at least nineteen other metals worth from one thousand to ten thousand dollars an avoirdupois pound, but none of them are fit for money metals. As silver bullion is now worth about one hundred and forty-eight times more than copper, and gold nearly twenty-nine hundred times, this should show that the united wisdom of the world has been indorsed when they used copper but moderately, and have now abandoned it as a full legal tender money metal. The weight of copper produced by one Michigan mining company exceeds all the silver of the world.

Congress has put a forced Legal Valuation on Gold.

It is somewhat remarkable that gold is the only commodity in use in the United States that Congress, by a positive law, has fixed a price for, and offers to buy all that is presented for sale to them. This price is $\$20.67\frac{71}{387}$ per Troy ounce. You might carelessly look at the laws and not observe the fact. By the law of Jan. 14, 1875, all charge for converting gold bullion of the United States standard into coin, was removed, and all gold offered, must be coined by order of a former law. Hence, gold is the metal that is particularly favored, and has a *forced valuation* given to it by legislation. England and Germany have similar laws, giving gold a fixed, and at the same time a forced, bullion value. This we believe to be a grave economic mistake. The

silver producer must take his chances of selling his production at market rates. But the price of gold is fixed by the government simply because the legislative demand says so, and not on account of any of its really superior qualities. To convert a commodity such as bullion gold, although it might be brought to our mints of exactly the right standard of 900 fine for coinage, costs perhaps one per cent. of its value. If this is a fair estimate, and if it costs ten cents to coin a ten dollar gold-piece, then the government has paid ten cents above the market price for that bullion. One per cent. on the nearly six hundred million dollars' worth of gold bought by the government since this law went into effect, makes a direct bounty or *subsidy* paid to those who furnished the government with gold. This bounty or subsidy would amount to perhaps five million dollars.

Our golden coins are beautiful and accurate specimens of mechanical work, and before bullion can be converted into coin, some one must pay for the services of the skilled workman, and defray the natural waste and expense of materials. Our coinage laws should be changed, and *every* material used by these government manufacturing monopolies called mints, should be purchased fairly in the open market, at the market price.

The expense of coinage, as it is for the benefit of the people, is always legitimate for the government. Mints are under the charge of Congress, and as the appropriations for carrying on the mints are made by them, they certainly should have the capacity to decide from year to year, the kind and number of

the coin required, and make complete provision for their manufacture. We may not always approve of the decisions of Congress, and some people would be glad to relieve them from all legislation and make all the national laws themselves—*but that is not the American way*. Congress represents the people, and if we do not like their style of doing business, it is our privilege and duty to select wiser and better men. We, the people, are to blame for a shameful neglect among ourselves for not being better informed on more of the commanding issues of the day, and then selecting representatives who are both able and willing to represent us properly. For instance, I have met hundreds of intelligent people who have no more knowledge of this silver question, than they have of the articles of furniture in the Pope's bedroom at Rome. They would perhaps read a description of this furniture with more interest than anything bearing on a question they consider so dry and uninteresting as this one. Yet, some of these very people would work most patiently and laboriously over their desk, counter, or work bench, at the forge or in the field, for ten or twelve hours a day, and not realize that the proper decision of this question, has a most important bearing in measuring the *value* of every stroke of work done by them throughout the weary day.

An Editor's Mistake.

A few years ago, the editor of one of the leading daily newspapers of Philadelphia said to me, when

I was remonstrating with him on his opposition to the silver coinage, that his principal reason against the coinage was because the government had acted so dishonestly in reducing its weight. He would not lend his support to such an outrage! Five minutes devoted to the study of the question by this professed leader of men's thoughts, would have cleared his mind of this often repeated delusion. This gentleman has changed his business.

American Bankers' Association, 1884.

In August, 1884, at the convention of the American Bankers' Association at Saratoga, a polished scholarly gentleman, of spotless reputation, standing deservedly high among the bankers and other citizens of Philadelphia, in a lively speech against the silver dollar coinage, referred to the rascally coin clippers of Great Britain of two centuries ago. Then this crime was regarded as high treason, and punishable with death. He made a comparison between these coin clippers and the congressional majority who passed the act remonetizing the silver dollar in 1878. He said that "the first, clipped the coin after it was made, while Congress directed it to be clipped before it was made." Think of a libel like this uttered by a gentleman on one of the most justifiable acts ever performed by Congress! This speech, in part or in full, was printed and circulated by hundreds of thousands. It may look like presumption, to accuse this gentleman of want of examination of the case, as the study of money is his special busi-

ness, his life-long profession—but is he not sadly mistaken?

The Panic of 1873-79.

A great many of our people struck snags in the panic of 1873 to 1879, that we have since found out were ignorantly planted there by financiers as eminent as the Hon. John Sherman. Events have taught me facts that argument could not teach, and ever since then I have been looking for more snags, planted by men who have a reputation for financial wisdom. Knowing that a large number of my fellow-citizens—the common people—who do the fighting and the voting of the nation, did not have the same opportunity as myself to hunt up some of these hidden snags, has given me the confidence to offer my services as a volunteer pilot. Arguments do not count in many cases. Prejudice is stronger than argument. Mathematicians do not waste time in arguments on mathematical points. They give facts and make demonstrations and that settles matters. No amount of argument that any one could give would weigh a grain in influencing the judgment of some men. In this plea for fair play all I ask of you is to try and find out if my facts are reliable. If you see fit throw my supposed arguments to one side but do not neglect the facts. I have tried to give the history of the silver dollar correctly. Have you not been deceived again and again when you have been told that it is a clipped, a light weight, a dishonest coin?

Perhaps we have not given this last and vital point

sufficient attention. If the silver dollar is not an honest coin, then our mints should be closed to their coinage, and the mouths of its friends closed to its further defence.

In an open letter published in the *Century Magazine*, February, 1884, I endeavored to show that this coinage was both honest and expedient. The letter was not answered because, I suppose, it was unanswerable, but it was gaily commented upon by that versatile economic scholar, Mr. Horace White, who utterly failed to see the points that I had convinced myself would be perfectly clear to minds much less brilliant than his. What must be done in like cases, except to give up the struggle with such men? He was unable to see the facts as I had presented them, and as he was unable to contradict any one of them, the question had to be left to a discerning public, who might take the trouble to read our diverse views on this subject with clearer brains.

The Silver Dollar always contains 100 cents.

A gentleman of high standing in Philadelphia, whose income is rumored to be about one thousand dollars a day, once said to me, that he would be perfectly satisfied with the silver dollar coinage if the government would put *a hundred cents'* worth of silver in each one. We have shown that the quantity of pure silver has never been reduced from the first coinage, and the only debasement of the silver dollar is the removal in 1837 of one pound of copper out of the coinage of two thousand dollars. We

have also shown that there was about $6\frac{1}{4}$ per cent. of gold taken from the gold dollar in 1834, or in this case $133.50 less gold was taken to coin two thousand dollars. Here was a heavy debasement, but it was Constitutional, and under the circumstances perhaps was proper.

This was done to keep our coin of gold and silver in circulation concurrently. It was a partial failure. We are doing better now, and we see these coins of the two metals circulating concurrently, although their relative bullion value differs so widely. Our present coinage laws are much wiser than the old ones were.

What was said could not be done, is done. Gold and silver coins of unequal intrinsic value are circulated concurrently. We are not losing our gold, and although there are many fears and predictions on the subject, we will not lose it on account of the silver dollar coinage, for the next quarter of a century. I do not state this as a fact, but only make a little effort at prophesying. We can easily lose our gold from other causes. We have lost it before and can again, but not if we exercise, as a nation, the commonest kind of common sense.

We have made this little digression before we have tried to answer the one thousand dollar a day gentleman concerning the neglect of the government, doing like the bread bakers, making a fresh batch of dollars each day, expressly to use on that day. If we should, then we think perfect satisfaction could be given to all. Of course our very intelligent friend did not mean that, but only wished the gov-

ernment to be liberal and add 15 or 18 per cent. more silver to the dollar, and happiness would reign.

That brilliant and clear-headed statesman, Alexander Hamilton, who was the Secretary of the Treasury under Washington, in a report on the establishment of the mint in 1791, observed in regard to the word "*cent*";—"that being in use in various transactions and instruments, will, without much difficulty, be understood as the *hundredth*." In fact, the United States had already coined copper cents by private contract. It is the simple abbreviation of the Latin word "*centum*" or one hundred. We adopted the new word as meaning the one hundredth part of our dollars. The silver dollar itself was a coin very extensively in use for almost three centuries before this time, deriving its Austrian name, "*thaler*," from the "*thal*" or valley in which it was coined. At the time we organized our mint, under the fostering care of this eminent financier, we also adopted this old and well-known word "dollar" as the name of our money of account, the word cents or hundredths being expressly named in our law, as one of the fractional names of our money of account. It is just as the English name their "pounds," the French their "francs" and the Germans their "marks" and fractions thereof. Provision in this law was made for coining dollars out of the two metals gold and silver. We did not coin single dollar pieces out of gold until 1849, but the larger gold coins were made. Each kind of money was exactly on a par, or in the words of the law was: "a lawful tender in all payments whatsoever." This

was done in obedience to the sentiments of Hamilton in the report I have referred to as he said: "that it seemed to him most advisable not to attach the unit exclusively to either one of the metals because this cannot be done effectually without destroying the office and character of one of them as money, and reducing it to the situation of mere merchandise." Washington and Jefferson, as well as the custom and public sentiment of the times, backed up this opinion. These old gentlemen were not experts in electricity, and steam and other nineteenth century knowledge, but we have only to read some of their productions to become profoundly impressed with their wisdom on the money question. They had just passed through with the Continental paper currency troubles of our revolutionary days of 1776, and their instincts were keen and bright from friction. They perhaps remembered that at one time during the revolutionary war, the full legal currency of the country had so far depreciated that a barrel of flour was worth $1,576. and John Adams paid $15,000. for a suit of clothes and a hat. Many of the facts I have laid before you are buried in old laws and dry official documents. Every intelligent man should study this question, to a certain extent, for himself. Coining money is an act of sovereignty, and we, the people, are the kings and rulers in this democratic land and should be able to decide intelligently on the subject.

When this thousand dollar a day gentleman said that he wanted the silver dollar to contain one hundred cents, he said what you may hear every

day—from men who do not clear one dollar a day. He looked at gold as the fixed, unvarying centre of intrinsic value around which silver as well as every other species of property continually revolved. There is another representative philosopher in another branch of science. The Rev. John Jasper of Richmond, Va., who teaches his flock that the earth is the fixed centre of the universe, and in his classic way tells them, "the sun do move." Now this doctrine taught by Jasper, in the science of astronomy, is not more utterly absurd nor more universally condemned than this notion in the science of finance, that the intrinsic value of gold is fixed in the markets of the world. Now how to get at either one of these representative philosophers, I am at a perfect loss, unless they are willing to study the respective questions, concerning which they have received such false notions. But study will not reach some men. An event, like the loss of all property and income, has a wonderful tendency to brighten up a man's wits on money matters. I feel inclined to think that if I had an income of a thousand dollars a day, for the last nine years, I would know less about the silver question and more about what was necessary to fit up a handsome city and country residence or a first-class steam yacht.

Be assured, that there are one hundred cents in silver in each silver dollar, and only one hundred cents' worth of gold in each gold dollar. Although the silver hundredth or cent is not worth quite as much as the gold hundredth or cent, it is not the fault of the Government. There is no dishonesty

about it. The Government might, constitutionally, reduce the weight of the gold dollar and make its bullion value equal to the silver dollar. We most emphatically say, leave each dollar untampered with, and in all probability should either Germany or England re-establish practical bi-metallism as they probably will, and as we have in the United States—silver would reach its old position. We are watching and waiting and see signs, but signs only so far. In the mean time stand by the debt contracts and make no change in the weight or fineness of our full legal tender money. Who can say that it is not the gold dollar that has become dearer, and not the silver dollar that has become cheaper? During the last few years have not prices fallen in a greater ratio than is now existing between the value of the bullion in these respective dollars? As we have seen in regard to the price of cotton and bar iron for the last twenty years, we may also see that reliable economists say that the average fall of prices during the past three years has been about 20 per cent. This will more than cover the difference between the present price of the gold and the silver bullion in the respective dollars.

The Unit.

Several specimen old silver dollars of 1795–99 and 1802 are now on my table, and have stamped, in depressed letters, on the edge of the coin, " one dollar or unit... hundred cents." This word " unit " of course means that this is " one " of the measures

in which we kept our accounts. We coined half units, in the fifty-cent pieces and quarters, tenths and twentieths all of silver. The gold was coined in "ten dollars or units" expressly so specified in the law and called an eagle. Half and quarter eagles were provided for also in the law of 1792. These being the two coined dollars, the one, the silver being coined in one single piece or unit and the gold eagle being coined in the shape of ten units. Let it be most distinctly remembered that the full legal tender coins of the United States were made of both metals and their value was based on both metals. We were a double standard or bi-metallic nation from the organization of our mints until 1873. In 1806 we coined no dollars in silver but full legal tender coins were coined regularly until 1853. During this time, foreign silver dollars were a legal tender at a value fixed by the Government, and extensively used. Up to 1853, we coined about 87 millions of silver and about 326 millions of gold. In 1836, but 1000 silver dollars were coined; then in 1839 the coinage of the silver dollar was again resumed, and it was coined regularly every year after that (except in 1858), up to 1873. In fact, in 1872 and 1873, we coined over two million silver dollars. We admit that the total coinage of silver was comparatively small. The *only year* previous to 1873, when we did not coin some full legal tender coins of silver was in 1858. The total gold coinage of our mints amounts in round numbers up to 1873, to about 817 million, and about 92 millions of the silver coinage up to that date was "a lawful tender

in all payments whatsoever." Now how absurd, how unfair for the advocates of the gold standard to tell the people that the word "coin" so distinctly defined as a legal tender in all of our laws up to 1873 does not mean anything but gold coin! The 3¾ per cent. higher bullion value of the silver dollar over gold during our war years was the *sole* cause of so little silver being coined during those years. For years the heavy coin payments of the Government were made in the 96 or 97 cent gold dollars, measured by silver. That is the Government wisely took the option that our double legal standard gave them and paid their coin debts *in these cheaper gold dollars.* This was not only, the value of these dollars at home, but it was their value in London, then as now, the great commercial and financial centre of the world. If a merchant wanted silver to take to London or Paris to settle balances, he had to pay a premium on it. So the reason that we did not use silver dollars to pay our coin debts during our greenback days was *not* because the Government could not get silver for coinage—it was *not* because our creditors would not have been pleased to receive it, but it was *solely* because the gold was the cheaper dollar.

Custom duties payable in coin.

Our import custom duties during these days were made payable in coin, not gold coin, not silver coin, but the word of the law is simply, "*coin.*" Our merchants could have bought silver in the markets

of the world and our mints were always open to the coinage of full legal tender silver dollars. But the importing merchants, finding that the Government was true to its laws and demanded only coin for customs, they, in turn, obtained the cheaper coin, gold,and settled their custom dues. It was all perfectly fair and honorable and is a part of the bimetallic system. Facts like these are continually forgotten, suppressed, or denied. Newspapers of the highest repute in financial matters are continually making this mistake in saying our duties were payable in gold only.

The demonetization of silver in 1873–74, a huge blunder.

Mr. Hooper, who had charge of the bill stopping the coinage of the silver dollar, in the House of Representatives, in 1873, in his speech on the subject, gave as one of the reasons for this stoppage, that as the Government could get the gold to make a gold dollar more than three per cent. cheaper than they could get silver to make a silver dollar, and as we had exceedingly heavy coin obligations to meet, it was wise to provide for the coinage of gold alone. This was about as wise as to cut off the left hand, because the right hand was temporarily able to do the best work. But, wonderful to say, both Congress and the people at that time entirely failed to see the inconsistency of the reasoning. The mass of the people had nearly forgotten all about gold and silver money, as it was distinctly an age of

paper money. As our Government was under the double standard law, from 1792 to 1873, then we became for five years and two months a single standard country. This new law distinctly stated that the gold dollar should, "*be the unit of value.*" This was perfectly consistent as we had abandoned our well tried double standard to specify what should be our single standard. If it was not part of the constitutional power of Congress to regulate the value of our coins, then all legal debts made by the Government under this single standard law—there might be an equitable, but no legal claim—for the payment of all such debts in gold alone. But ever since that time, and particularly now, when we are so well prepared to pay some coin obligations in silver alone, there is no one who holds a coin obligation of the United States who cannot sell that obligation for gold. All the bonds will sell even at a premium in gold and some of them at a premium of 26 per cent.

The effect of the law of 1873, on the unit of value.

The term "unit of value," used in our laws, does not, obviously, mean that Congress could fix the purchasing value of the coin—or what is the same thing fix prices—but refers exclusively and distinctly to its debt-paying value only. This is not made distinct by the words alone—yet its meaning is apparent. Hence, when in the law of 1878, Congress restored the debt-paying value to the silver dollar,

although, that clause of the law, of 1873, making gold the unit of value was not rescinded—it was virtually and most directly annulled. Hence we have now, as we had by the law of 1792, two well defined units of value, the gold and the silver dollar, either one of which is declared by law to be a full legal tender for all payments, unless otherwise expressly stipulated in the contract.

The clipped gold dollar.

It is a little singular that although, from 1834 to 1873, the bullion value of the silver dollar exceeded the bullion value of the gold dollar from one to six per cent., that we never heard of any complaint against the dishonest, the clipped, the light weight gold dollar. This mono-metallic craze, did not get a fair start in the world until about 1873. It was so local in England and in a few other countries that the world was not distressed over it; but when two countries like Germany and the United States caught the economic disease, becoming gold mono-metallic, then the entire commercial world commenced to feel the pangs. We, alone, cannot cure the world of this distress. Events, not arguments, will be the only sure cure. But events do not always educate, although, they far excel arguments as a school teacher.

The Philadelphia Press.

It was refreshing to read this brief editorial article in the Philadelphia *Press* of December 17, 1883.

For reasons entirely satisfactory to its management, this paper has been particularly earnest in denouncing the silver coinage. But please read the article in full. "Silver coinage is suggesting all sort of devices to check its evils, but the way and only way to stop the harm of silver coinage is to stop the coinage. Five years ago the silver bill was passed amid the shrieking predictions that it meant ruin. *It has not.* If silver coinage is stopped now our currency will remain reasonably sound, a composite fabric of gold, silver and paper framed by the *logic of events* always and everywhere wiser than the reasonings of men."

Now here is a frank confession that somebody made a mistake in shrieking predictions of ruin in 1878, but just here this editor takes a fresh breath and shrieks again, that the harm predicted was yet to come. Since then, we have added about 50 millions to our stock of silver dollars and ruin from this cause has not yet overtaken us, but this newspaper still shrieks. Events had educated that writer, when arguments failed. On February 19, 1885—this same excellent newspaper, forgetting, for the time, all about the energetic fight it had been making for a higher tariff and Republican success at the late Presidential election, attributed the depressed condition of business to this continued silver coinage. If this is the true cause of the present "hard times" then the shrieking predictions of 1878 have been realized. We believe that without this coinage of silver by our country, the "hard times" would be far more severe. Our troubles arise *in spite of*

this coinage which has a constant tendency to relieve us of some of our burdens. This is the question that we, the people, must try and master. Is our silver coinage a wise or unwise measure? is the problem we must solve.

Ernest Seyd and Hon. Wm. D. Kelley.

Let us turn to the words of wisdom uttered by the late Mr. Ernest Seyd, one of the most able and reliable statisticians and financiers of Great Britain. He was the author of a very able and exhaustive book, advocating the restoration of the double standard to Great Britain, and his efforts are said to have produced a profound impression on his conservative countrymen. But financial disasters or events have done more in this direction than the able arguments of Mr. Seyd. In 1867, this far-sighted and clear-headed financier, in discussing this question, that was then exciting considerable interest, expressed himself very freely on the evils that would probably fall on the world, in an attempt to discard silver as a full legal tender money metal. He said that "throughout the world a fall in prices would take place, injurious alike to the owners of solid property and to the laboring classes, and advantageous only, and unjustifiably so, to the holders of state debts and other contracts of that kind." He also said, that when these results followed the discarding of silver, all sorts of reasons would be brought forward to account for the distress, and thus the real cause would be neglected until this distress compelled thinking men to refer it to the legitimate cause.

These views of this clear-headed thinker were considered of such importance, that the Hon. Wm. D. Kelley, of the House of Representatives, in a speech of May 18, 1878, submitted an article on this subject by Mr. Seyd, and it was published in full as part of the *Congressional Record*.

At that time Judge Kelley was an ardent friend of the silver dollar coinage. He still calls himself a bi-metallist, but, unfortunately for bi-metallism, his influence is thrown against the further coinage of the silver dollar in our country for the present. He has introduced a bill in Congress to virtually stop this silver coinage. In a series of most charming letters written from Europe, in the summer of 1879 for the Philadelphia *Times*, and reprinted in pamphlet form by Messrs. Porter & Coates, of Philadelphia, he gives the opinion that the gold dollar should be increased in weight, or that the silver dollar should be reduced so as to make our ratio of the use of these metals more nearly conform to the general European ratio of 15½ of silver to 1 of gold. That is, he proposes to add about 3 cents' worth of gold to the gold dollar, or take away about 3 cents' worth of silver from the silver coin. We admit that there would be some advantages in either plan, but we condemn both plans as impracticable and unwise. He remarks incidentally, that he who will suggest any other method than either of these plans, by which we can establish bi-metallism on a basis that other nations can accept, will entitle himself to eternal fame. As Judge Kelley is one of my neighbors, and is the gentleman who represents me personally in Congress,

I am thus particular in stating his position. When he had the privilege of voting for the remonetization of silver, in 1878, he did his part in winning for himself a share of this eternal fame that he so generously offers to others. When his vote assisted to swell the handsome number of 189 to 79 in the House of Representatives, against the veto of the silver bill by President Hayes, he obtained another generous slice of eternal fame. This vote over the veto, prevented the President from perpetuating one of the most enormous economic crimes against the people. This vote enables them to have a chance, at least, to pay the national debt according to the contract. Perhaps the dishonor of this veto, in the eyes of the future historians of our country, will far exceed the honor of having been President of the United States for four years. I would not exchange this dishonor for all the honor and emoluments of the Presidency. It was a gigantic attempt to steal the products of millions of days' labor from our people, that were never pledged to be paid. Let us have the charity to believe that it was a mistake in motive or judgment; but in effect, would it not have been an enormous crime?

The bi-metallism re-established in our country in 1878, is doing its work about as far as our country alone can do to regulate the monetary affairs of the world. We regret that the execution of the law has been in the hands of an executive administration always bitterly hostile to the law, and that the minimum amount allowed (that is two million dollars' worth of silver per month) has always been chosen

instead of the maximum amount,—four millions. Remember that this silver bullion is bought at market rates, but the money paid for it is not necessarily gold, but it can be paid for in greenbacks or silver dollars. Buying silver need not diminish the amount of gold held by the government.

International Money and Forced Valuation.

If we can secure, by an international treaty, or by an informal agreement, or by our example, the full coöperation of the leading nations of the world, to do just as we are doing,—go ahead and coin full legal tender coins out of both metals—then practical bi-metallism throughout the world would be secured. The important change should be made in the general coinage laws of the world, so that each government should *buy* all the materials necessary for coinage at the market price, and directly regulate the kind and number of coins made. No nation should put a forced valuation on either metal as is now done on gold by the United States, Germany, and Great Britain. We think that this *forced* legal valuation of gold bullion will be found to be a serious economic mistake, that will be corrected in the future. Think of the effect of this law, now favoring the gold producers, when compared with the present law—so slightly favoring the silver producers!

It would be exceedingly beneficial if we could all agree on one precise ratio as to the use of silver and gold in coinage, and have the same proportion of

alloy, and even give our coin the same general appearance and dimensions. The unification of all the full legal tender coins in the world, or international money made of both metals, would be an extraordinary stroke of good luck and wisdom. It has been well worthy of the ambition of the most able of men to reach for this; but at present an innocent child might as well beg its indulgent mother to hang the moon on its little crib. A common language, a common system of weights and measures, are even more desirable revolutions. But must we stop writing and speaking until we get this common language? Must we stop weighing and measuring commodities until we can adopt this much desired, universally accepted, system of weights and measures? We fear that neither one of these three tremendously progressive reforms is at all probable in our day and generation. We must worry along in our old and badly fitting suit of clothing.

Some people seem to forget that we have a large family of about 57 millions of the most active people in the world, to look after, under our own flag. It is for ourselves that we demand legislation from Congress. It is for ourselves that the silver dollar is being coined. Our domestic trade and domestic debts exceed, in a wonderful proportion, all our foreign trade and debts. I would not advocate the coinage of a single dollar expressly for exportation, neither of silver or of gold. Adverse balances of trade can usually be adjusted by stamped bullion, gold or silver, about as easily as in coin. Such stamped bars are now legally furnished to merchants

by the government and are extensively used. First-class governments care nothing for our coin, it is only the bullion in the coin that is wanted. Our money is no longer money when it gets from under our flag. Considerable experience in foreign travel for years, has taught me that our beautiful gold or silver coined money is received by the bulk of foreigners one comes in contact with, very much as they receive one's requests, spoken, perhaps, in good, round English tones. If you want to buy to advantage, you must exchange your money for theirs; and if you wish to speak, so as to be understood, you must use their language.

Foreign Money not Money with us—but only Metal.

In the fiscal year ending June 30, 1881, it is reported that we threw more than one hundred million dollars' worth of foreign gold coin into the melting pots of the U. S. Assay Office at New York City. We converted their beautiful coins into bullion, at a waste of material and workmanship of perhaps one million dollars. When our nation has nothing else to settle balances with, excepting the coin, of course then the coin must go,—but when not under our flag it is *metal*, not money.

Our Silver Coinage need not drive our Gold Coins out of Circulation.

One constant complaint, from gentlemen of the highest financial standing is that this silver coinage

will drive gold to a premium or out of circulation, and at last out of the country. This is a serious charge and should be looked into very closely. First, let me observe, that France has been under this bi-metallic system for nearly a century, and it is reported officially that she has over 537 million dollars' worth of full legal tender silver coin in circulation, and 848 million dollars' worth of gold. The paper money is 548 million. So you see that taking the number of her people in consideration, she has almost as much paper money per head as we have, and as to gold and silver, she excels us by a large sum. This is an event that should educate,—but our gold men will not or can not see it. England has only about 589 millions of gold—while Germany has only about 335—but France has almost as much as both of these countries.

Now let us look into our home affairs and study the question as it appears here. The amount of gold estimated to be in our country on June 30, 1878, before the silver coinage made any impression, was 244 million dollars. This estimate is given in the annual report of the late Dr. Linderman, who was then the Director of the United States Mint. Now let us see what his successor, the Hon. H. C. Burchard, the late Director of the U. S Mint, says in his annual report for June, 1884. He estimates the gold in the United States to be 610 million dollars. Here we see an increase of 366 million dollars in gold during the first six years of our silver dollar coinage. The next annual report, will doubtless show a very handsome addition to

this sum. If we lose our gold during the next twenty years of silver coinage, at the present slow rate of coinage it will be from other causes. I can see no possible reason why any one should pay a premium for gold coin, unless the national administration should see fit to annul the laws made by Congress and refuse to recognize the silver dollar as a legal coin. When clearly defined laws made by Congress are repudiated by our executive officers, we are prepared for trouble, and public sentiment should be awakened. The law should be supreme.

Our Gold increasing—Not decreasing.

In regard to the country losing her gold, we have some facts bearing on the case that will illustrate very plainly that we can lose it without an excess of silver coinage. In 1847, the year before we discovered gold in California, it was estimated that we had about 120 million dollars in gold and silver specie in the United States; we have shown that we did not coin a great deal of silver from 1847 to 1860, as it was the dearer metal, yet our specie was increased in those thirteen years. How much, you may breathlessly inquire? Well—it was estimated that we had 257 million of specie in 1860, thus in thirteen years, we had increased our specie fund 137 million dollars. This, remember, was both gold and silver. Compare this with the 366 millions of an increase of gold alone under our six years of silver coinage. Here is a statement that should startle us: during the thirteen fiscal years from June 30, 1848, to June

30, 1861, it is officially stated, that the United States production of gold reached the immense sum of over 1836 million dollars.

We do not ask you to put too much confidence in these official estimates, as they do not pretend to be more than a close approximate guess. It seems to be impossible to obtain such statistics accurately. They are the estimates made by those who are employed by the Government to obtain all of the reliable data possible. Without statistics we know that we were not flush with specie in our country at any time from 1848 to 1861, and we also know that enormous quantities of gold were produced in California. It is evident, then, that we lost nearly all of our California gold—sending it adrift in the world. Our gold fields are now, apparently, greatly exhausted. Now, we are adding to our gold fund—then, we were losing it. You can see then, that a nation can get rid of its gold without excessive silver coinage. Adopt the same kind of national housekeeping that we had from 1848 to 1861, and we can lose the most of our gold as well as our silver. As we once found out exactly how to do it, we have confidence in the wisdom of our people that one lesson of that kind is sufficient to educate us not to do it again. While we were so lavishly pouring our stream of gold into the markets of the world, Australia was doing about as well on the opposite side of the earth. The industries and commerce of the world were wonderfully stimulated during those years.

The World's Production of the Precious Metals.

It has been estimated by eminent statisticians, that if we would add together the sum of gold in use in the world when Columbus discovered America—(1492), to that produced up to 1850,—that the amount produced since 1850 would be about equal to the other sum; while the amount of silver produced in the world since 1850, will not equal the one-third of the sum estimated to have been in use when Columbus discovered America and that produced up to 1850. Hence, you may observe that the silver production during the past thirty-five years has not been very remarkable when compared with the production of gold. We should keenly remember that the business necessities of the world for the money metals have increased at a wonderful rate in the past thirty-five years. This excessive gold production since 1850, is what gave the leaders of the gold mono-metallic party the idea that coined money was going to become too cheap, and that the legal debts of the world were in a fair way to be wiped out at half their value. This reason is frankly given by some of the most prominent European mono-metallists. That reason is most carefully and wisely suppressed by the mono-metallists before the American people. The world's annual production of gold has been gradually *decreasing*. The California production reached its height in 1853 and Australia's in 1856. Steam, electricity, and many other scientific achievements have stimulated the industrial and commercial activities of the world to a

phenomenal rate of progress. We need a larger and larger supply of real money, and notwithstanding the heavy burdens laid on representative money, such as: paper money, checks, drafts, bills of exchange, telegraphic and post-office orders, and all other varieties, we must stand faithfully by the well-tried, but only universal measures of intrinsic value—gold and silver, as full legal tender money. The gold and silver does the measuring, while the other varieties of money may do 99 per cent. of the other duty. Gold and silver alone are real money—all the rest are simply "evidences of debt." We repeat—we cannot abandon the use of either of these metals, without almost doubling the legal debts of the civilized world, and decreasing by nearly one-half the intrinsic value of all other forms of property—as well as the prices of all the products of human labor and the wages of workingmen. To emphasize this, —we may give the official estimate of the increase in the national debts of Europe from 1865 to 1879. In 1865—the amount was 12,503 million dollars; in 1879 it had increased to 20,585 millions—an increase, as you will see, of over 8000 million dollars. They still increase at a prodigious rate. National debts are rated as one of our modern inventions—blessings in disguise some people foolishly call them.

The amount of Gold and Silver Money in Use.

Mr. Burchard, in his last annual report, estimates that there was about 3294 millions of gold money in use in the world and about 2755 millions of silver.

Roundly speaking, this makes 54 cents in gold to 46 cents in silver. What nonsense it is then, to speak of gold as *the* money of the world as has been done in grave state papers written by gentlemen occupying the hightest official positions in our country! In Europe, almost one-third of all the legal tender coined money in use is silver.

Legal Tenders.

Let us examine what this term we have been using so often means. Is it not a guard or protection given to a debtor by law, so that a creditor cannot take an unfair advantage of him when the debt is to be settled? Then, practically, any kind of property or any legal title to property that a debtor knows a creditor is anxious and willing to take becomes a legal tender. There is no use of a legal tender law if a creditor can demand whatever may suit his own notions, when a debtor presents himself to settle a legal debt. By our laws, either gold or silver dollars or greenbacks are an unlimited legal tender, except when the law makes other provisions. The debtor can, but the creditor cannot, always take his choice, unless the contract or debt specifies some special method of payment. The contract made with our bondholders is most distinctly specified by the laws, to be a coin contract. This is often denied, but we unreservedly appeal to the U. S. laws, and you will see that they are clear and specific on this point. On this fact being proven, I base all of my reliability as a pilot.

The Government may pay a bondholder in any kind of money the bondholder is willing to accept. Gold bullion, stamped bars, gold or silver certificates, greenbacks, national bank notes, checks, drafts may all be used and be acceptable to the bondholder, but all of them could be legally rejected. But he dare not legally reject either gold or silver dollars and appeal to the people or the courts for redress.

Should the Secretary of the Treasury have the word "gold" printed on the bonds of the United States, instead of the word "coin" as the law directs, he, as an executive officer, would be no more justified in the act, than a Commander of one of our war vessels would be, if on his own responsibility he would declare war on Great Britain and bombard one of her ports. Congress makes the laws, the only duty of these gentlemen is to execute them.

When these debts were made, the bonds were bought at about 57 cents on the dollar in gold or 55 cents in silver, but we must pay a coined dollar of the then standard weight and fineness for each. We have already paid out as we have shown about 3000 million dollars in gold on this contract, and we will probably pay over 2000 million more in coin before we get through with it.

These statistics may tire you, but some of them must be mentally mastered if you wish to understand your positive duty as a citizen of your country in this financial emergency. If I have failed to reach your sympathy or comprehension on this national debt question, then my efforts will be lost. If it were not for debts, the coinage question would

be greatly simplified. We could commence again as our forefathers did in 1792. We might make our coin conform to the present bullion value, if we chose. I am inclined to think, after the closest study of this question, that we are now about as near right in our coinage as we could get, had we again perfect freedom to make a change. We cannot get rid of the past, but must manfully face our responsibilities.

The use of the two precious metals as full legal tender money has a constant tendency to decrease the bullion value of the dearer one and increase the bullion value of the cheaper one, providing the cheaper one is chosen as it should be by legislative demand for the largest coinage. The world's very extensive and exceptional free use of gold as a money metal, during the phenomenal production of gold by California and Australia, had a constant automatic tendency to decrease the intrinsic value of the then dearer metal, silver, and increase the bullion value of the cheaper metal, gold. While the monetary revolution so successfully but so unfairly started in 1873, has had a constant tendency to increase the bullion value of gold and decrease the bullion value of silver.

To argue that the use of silver, generally, as a full legal money metal during the period when we were making our huge war debt had no tendency in keeping down the intrinsic value of gold is most unreasonable. No responsible political economist will teach such an absurd notion. Under this double standard system the coinage of the dearer

metal may be temporarily stopped, and this bullion may remain in the hands of the people uncoined; but it is the reserved force. From 1856 to 1867, there was no full legal tender silver coined in France, but an enormous quantity of the cheaper metal, gold, was coined. This is an event that should educate. This automatic effect of the two metals regulating the bullion value of each must never be lost to sight or called useless. You might as well call that part of an army, kept in reserve by a skilful commander, useless, if an emergency did not arise to call it into action.

During the late rebellion, I served for over three years on one of our steam war vessels. The noble old frigate carried two very heavy sheet-anchors, carefully lashed amidships, and although engaged in action and some exceedingly arduous and risky duty in blockading the hostile ports during some very severe winter gales, I do not now recall the fact of ever seeing those sheet-anchors disturbed from their lashings. Were these sheet-anchors useless? The money metal for which there may be no legislative demand for coinage because it is temporarily the dearer, is the lashed sheet-anchor ready for use in a monetary emergency. He who discards the utility of the unused money metal, simply because it is the dearer, should be instantly dismissed as unworthy of leadership in the science of finance, just as the commanding officer of a man-of-war would be if he would insist on going to sea without a spare anchor. A court-martial would settle the fate of the naval-officer, and the deliberate judgment of Con-

gress and the people will, we hope, test the capacity of our future financial leaders.

While we do not believe the demonetization of our silver in 1873–74 was so much of a crime as it was a mistake, as many of those who voted for the plan afterwards publicly admitted: that, "they did not know that the gun was loaded." The reverberations of this gun were heard and felt throughout the civilized world. Thousands of worthy and innocent families have been socially and financially wrecked by its effects. Many of them who are still living do not know and have not the least suspicion, even at this time, that this was the leading cause of their disasters.

Senator Sherman as a false pilot.

Mr. George M. Weston, in his most instructive and very valuable work on "The Silver Question," published in 1878, by "Homans" of New York City, gives a full and interesting account of the passage of this law demonetizing silver. Neither the President of the United States, who signed the bill, nor the most of those who voted for it, seemed to know what had been done. The startling fact that we had no silver dollar after 1873–74, was not fairly known, either to Congress or the people, until March, 1876. We had plenty of blind men leading the blind in those days. When Secretary Sherman told us in his annual report, as Secretary of the Treasury, on December 3, 1877, that he did not foresee the fall in the bullion price of silver that was

caused by this demonetization; he makes a frank confession that the metaphysics of finance was a mystery to him. By late speeches reported to have been made by him on the Pacific coast this spring, and by the interviews as more lately reported in our daily papers, he seems to have learned but little since 1873, notwithstanding his very high reputation as one of our trusted and practical leaders in the science of finance. He seems to be watching gold, like the Rev. Mr. Jasper does the sun, and from their respective practical standpoints —Jasper *knows* that the earth is the fixed centre of the universe and Mr. Sherman *knows* that gold is the fixed centre of intrinsic value. Hence, his constantly reiterated advice; watch the gold dollar and pile silver into the silver dollar until they are intrinsically equal in value and equally *honest*. Neither events nor arguments have opened his eyes to the libels he has uttered against the honesty of the silver dollar. To argue with him I suppose would be as useless as to send a Presbyterian missionary to Constantinople to try to convert the Sultan of Turkey. In 1877, I had the misfortune to put implicit confidence in certain public utterances of Mr. Sherman on finance. Acting on his advice, a small investment was made, and I lost about a thousand dollars in less than a year by it. This little event helped to educate me as to the exact soundness of his financial views. I have been a keen student of Mr. Sherman ever since. Beware of his teachings, and as long as he talks of the dishonest silver dollar and keeps his eye fastened on the gold dollar as the unvarying measure or fixed

centre of the financial universe, he will remain a blind leader on this question of finance.

Silver Bullion Certificates, based on Gold Valuation.

There has been a constant effort for some years to stop the coinage of the silver dollar, and at the same time, in order to conciliate the silver producers, to order the same amount of silver to be bought monthly as at present. This uncoined silver bullion is proposed to be stored by the government, and silver certificates are to be issued for it, based alone on the *gold* valuation of the silver bullion. If this plan would not affect the price of bullion silver, then the silver producer would be just as well off under the proposed arrangement as under the existing one.

This plan would have a marked and constant tendency to reduce the bullion value of silver, and every ounce of silver thus bought would be that much silver demonetized. Gold would remain as the sole legally recognized money metal, measuring the value of the silver. We would lose all the automatic effects produced by the continued coinage of silver, in raising its value as bullion, and decreasing the bullion value of gold. Silver producers do not ask for a market for their silver,—as a product like theirs is always in demand. What is needed and demanded by the silver producer, is a fair price in this market. But in the discussion of this question, the special needs or demands of silver producers as such, should

be entirely ignored. When we compare the value of their annual products with the commodities produced by many other industries, it is quite insignificant. We, the people, have no more necessity for legal tender certificates based on silver at a gold valuation, than we have for legal tender certificates based on real estate, cotton, or bar iron, at a gold valuation. We, the people, do, however, have urgent need of silver dollars to pay off our national and private debts. We do need the continued coinage of this dollar in order to produce the automatic effect in reducing the bullion value of the other unit of value—the gold dollar. We need the continued coinage of silver dollars as an enlarged basis for our vast fund of paper money. The necessities of the people at large, and not those of the silver producer, have made me one of the ardent advocates of the honesty and expediency of this silver coinage. The use of money in our domestic affairs exceeds all our use for it in foreign affairs, in proportion as a man is to a mouse in size. We cannot pay any portion of our national debt legally, with gold bullion, nor even with gold or silver dollar certificates. The entire scheme for the issue of legal tender certificates on silver bullion, based on its gold valuation, will be a thorough delusion for the real friends of silver. Mr. J. W. Sylvester, of the United States Assay Office, at New York City, published a small pamphlet in 1883, advocating this scheme. In 1884, he issued a second edition, containing the strongest kind of indorsements from many of the leading newspapers and writers who have been advocating gold mono-

metallism. This, alone, should be enough to open the eyes of the friends of the silver dollar for the lurking danger. Cannot General Warner and his friends take a hint?

This is a masked battery, fully manned and equipped by the gold men, and if the ruse is successful it will be a complete victory for those who believe in the "one yardstick" theory. To them it does not make a particle of difference, how much this yardstick expands in length. It will be the same yardstick they assure us, but they do not seem to comprehend the bad effects of its use. We, practical bi-metallists, want our measure of intrinsic value to vary as little as possible from year to year, and we believe in the use of the shorter yardstick when we find the other one is getting too long; we believe that this use of the shorter one has a constant tendency to make it increase in length, and at the same time reduces the length of the longer one. We admit that we always must have, from the nature of things, an elastic measure of intrinsic value, but we want this elasticity to be automatically regulated, and to vary as little as possible. The bi-metallic system does this for us with comparative satisfaction.

The Pendulum as a Measure.

Should an unskilful amateur try to make a good pendulum clock, he might look around very carefully, perhaps, to find a material to make a mono-metallic pendulum rod, so that the variations from heat and moisture would affect it as little as possible.

He would know that a minute fraction of an inch in the variation of the length of his pendulum rod would seriously affect the qualities of his clock as a correct measurer of time. But now let us watch an expert. He knows that there is no material that is not seriously affected by heat or moisture. He at once adopts a sort of bi-metallism, and will take two metal rods, perhaps of brass and iron, and knows exactly the different ratios in which they will be affected by heat. These two rods will be so arranged by him, in position and in length, that while the heat may expand the one metal so as to lengthen the pendulum rod, it will expand the other metal so as to shorten the rod. The exact length desired will be maintained, and he will show us one of the most accurate of all measures, a scientific clock. If you have forgotten how the common gridiron or compensating pendulum rod is made, we beg of you, at once to refer to some elementary book on the subject, and study the cunning secret, as it so fully illustrates the automatic effect of the use of both silver and gold, in regulating the intrinsic value of the coined money. The supply and demand of the two metals is represented by the heat, while the knowledge of finance, by the skilful law-maker, is represented by the skill of the expert clockmaker.

Here we have a specimen of a fixed measure of length, but we most distinctly declare that no kind of money is a fixed measure of intrinsic value. All that we insist upon, is that by the judicious use of both gold and silver as full legal tender money, we obtain *a far more steady measure of intrinsic value*

than we could by the use of either one alone. This idea, the common sense and practice of the world has indorsed for many centuries, and is universally commended by scientific financiers. This disposition is even shown by some mono-metallists, who say they do not want to discard the use of silver; in fact, they are even more anxious than we silver dollar men are, to use more silver. They want to make the silver dollar at least 15 per cent. larger. We practical bi-metallists want to use our silver with gold, to make the pendulum rod of our clock or measure—these others do not see this point exactly—but are willing to make the entire clock case of silver, without legislation, but the pendulum rod that measures, must be made of gold alone.

Is it not time that the theory of these gold revolutionists of 1873, should be abandoned? These people are telling us to stick to one yardstick, perfectly regardless of the evident truth, that this golden yardstick may be made to almost double its length by carrying out their plans in full. We may have the same gold dollar, but it might take twice as many days' labor or twice the product of labor in all other pursuits, except in gold mining, to get that dollar, caused by this special legislative demand for gold. In other words, all the legal debts might remain the same in dollars or measured by this golden yardstick, but measured by ordinary human labor the debts might be doubled. Is this fair, is this honest when we bear in mind that we had the two measures or the compensating measure in use, when the debts were contracted? Is not this ques-

tion put in such a way that a man of common education and judgment can answer it just as well as a political economist? If you have failed to grasp this pendulum rod illustration in the one reading—please let me advise you to look over it the second time. There are men with such peculiar minds that no one could make the simple gridiron pendulum expedient clear, but I hope none of these are wasting time over a book like this.

Political economy has a bad flavor to many people, as they can truly say the leaders differ so widely in their teachings. But remember, this is only an effort to learn how a nation may live well and wisely. He who votes, is making decisions in political economy and is directing the Government. The solemn responsibility of intelligent men who neglect to even try to understand more of our system of national housekeeping, is a blot on our professed Christianity. We are not trying to do unto others as we wish to be done by. We too often vote and throw our influence with reckless ignorance. Our flag of distress is now flying and I most earnestly appeal to the people to come to the rescue.

The Storage of Silver Dollars.

Constant reference is being made concerning the great expense of the Government providing vault room for the storage of silver dollars. Although the silver dollar is sixteen times heavier than the gold dollar, it requires about twenty-seven times as much space for storage. Hence, the Government

has been compelled to expend a few hundred thousand dollars for this purpose,—yet, how insignificant this expense appears when compared with the debts this coin assists to measure as well as pay. You might as well object to the expense of putting a door-knob on the entrance to your six thousand dollar residence. Much of this expense, however, is for the greater convenience of the people. As a general thing, the vault is the proper receptacle for all coin, while we demand well secured paper money for the pocket. Well secured paper money for general circulation is infinitely superior to the full legal tender coined money.

If you wished to pay a debt of a million dollars in coin, you can sling a bag containing 26 $\frac{688}{2240}$ tons of silver on your back and walk around the corner with it, just about as easily as to load yourself with 1 $\frac{1448}{2240}$ tons of gold coin. If you have to put it in carts,—we admit gold has a decided advantage. Our system of coin certificates puts these two kinds of money, on *an exact equality as to weight.* One of the principal reasons why the world has rated gold as worth about sixteen times as much as silver, is this decided superiority of gold over silver in handling it to make large payments, as well as in many of the minor transactions of life. A silver dollar in the Government vault, represented by a silver certificate circulating among the people, is doing its full duty all the time. To speak of these dollars thus in active duty—represented by the silver certificates in circulation, as useless dollars, is a very weak invention of the enemy.

The Gold "that nobody Wants."

It is officially reported that about 81 million of these much abused silver certificates which have been issued by the Government and are now represented by the silver dollars in our vaults found their way there simply because the level headed business men of the United States had 81 million dollars in gold coin in their hands, that was inconvenient to handle, and they requested the Treasury officials to issue silver certificates for it. This was done by the mildest kind of a twist of the laws and no one has been defrauded, yet the exchange was made dollar for dollar. To use a common phrase usually referred to silver "nobody wanted" this gold, and the poor old Government kindly took it out of pure generosity. The most of it was taken from New York merchants. Our merchants might have preferred gold certificates, but there were none to spare.

The New York Banks and Clearing-House and the Silver Certificates.

The New York Banks are very much afraid of our silver certificates, and the Treasury Department at Washington, by means of its connection with the New York Clearing-House, has unfortunately humored them in this fear. By the United States law of July 12, 1882, it is provided, that "no national banking association shall be a member of any clearing-house in which such (silver) certificates shall not be receivable in the settlement of clearing-house

balances." This distinct law, made by the creators of the national banks, may yet be brought to bear, by the force of events or by public sentiment, on this clearing-house and on the banks—and show them that the nullification of our national laws is not a part of their chartered privileges. The people, when we join hands, cannot and will not be ruled by Wall Street. As a legislative body the New York Clearing-House is not recognized in the written Constitution of the United States. Custom does not make our laws, as under the unwritten Constitution of Great Britain. The very silly prank of the New York Clearing-House, as reported in their confidential circular issued on July 20, 1885, deserves a remark. In order to arrest the danger of receiving, as the law may compel, either silver certificates or silver dollars in the settlement of balances due them from the Government—they have *kindly* (?) resolved to loan the Government ten or twenty millions of their surplus gold and accept subsidiary silver coin in exchange. The light weight silver dollar is too heavy, but these subsidiary silver coins are about the right weight to suit their purpose. They anxiously call on all of the Banks throughout the country to help them in their efforts. The entire transaction reminds me of the brilliant financial sagacity of a seven year old child, who hearing his parents discuss the financial difficulties of housekeeping—proposed that his father should loan him a five dollar gold piece each Saturday morning and on Saturday night the boy would pay it into the family fund and thus assist his poor father. Such is the brilliancy of

financiering urged by these gentlemen—who want to regulate the finances of the people of the United States! Our friend, Mr. Coe, he who suggested, in 1883, the brilliant expedient of *drowning* our silver dollars in the sea, is one of the signers of this circular. I hear that our Philadelphia Banks take no stock in this nonsense. Well may we ask does Wall Street or Congress make laws for the people!

Paper Money Statistics.

There is usually, a degree of importance placed on the amount of paper money in circulation that I have never been able to realize. The amount of paper money, strictly so-called, such as greenbacks and national bank notes, is so small, when compared with other forms of paper representative money, such as checks, drafts, bills of exchange, telegraphic and postal money orders and the other forms of circulating credit daily in use. The only important point to watch, seems to me to be, that these various kind of "*debts*" should never exceed the available assets. This paper money must have sound backing or it will have no more value than the leaves of the forest. Gold and silver full legal tender coin does the measuring, while these other forms of money are the much more active mediums of exchange.

Opposition of our National Banks to the Silver dollar and Certificates.

We have always regretted to observe the intense opposition of our National Banks to the silver

coinage and to the silver certificates. We are glad to be able to credit these institutions as being of vast utility, both to the people and to the Government. They have done and are doing magnificent services for us. They should justly be fostered and maintained. They have probably fairly earned every cent received for many years from the special privileges, kindly granted them by the Government. A father may dearly love and admire his children, but when these children of the Government cry out with so much energy: stop the coinage of silver dollars; stop the issue of silver certificates!—melt up all of the first and recall all of the last!—we feel that their kind father, Uncle Sam, should pat them gently on the head and say: "Boys, have you not had your share of pie?" During the last session of Congress they made an active effort to obtain about 32 million more of a circulation of bank notes, based on their present supply of bonds. Should the monetary times get better, a sum like this judiciously loaned out, to their customers at interest, would be an item in their dividends well worth looking after. It is reported that there is about 63 million dollars of idle money, beyond the legal reserve, now in the vaults of the New York Banks. Under such circumstances, the entire sum, of new notes so vainly striven after last winter, would have been useless. The wealth, the business interests and the intelligence of the country are fully represented by our National Banks, and they feel the sad depression in our monetary affairs, keenly. They would give us national prosperity if it was in their

power. Possibly, events may now be educating enough of their leaders in thought, so that more of them may see that their position on this silver question has not been a sound one; on the contrary, that it has been very *hostile to their own interests* as well as to those of the people.

In the last annual report of the Comptroller of the Currency, it is stated that the earnings of the 2664 National Banks was 3.66 per cent. on the capital and surplus for the six months ending September 1, 1884. If they were able to do as well for the next six months and make 7.32 per cent. per annum on their capital and surplus we would be pleased. Is it not probable, that this largely exceeds the average earnings of many other industries of the country during that same period, after paying the running expenses? Whatever may be decided to be the cause or causes of the present world-wide depression in business, the wealthy classes are most seriously affected by the loss of money due them as well as by the stoppage or decrease of dividends. The day laborer who is hunting around for work and who pleads for a fair day's pay, after the work is done, is not the only sufferer. The distress of the wealthy and leisure class of our people, encourages us to hope that they may utilize their leisure and supposed superior worldly wisdom in trying to find out the seat of the disease and assist in applying the proper remedies.

The Business Depression abroad.

In regard to the depression in business in other countries, we notice that Mr. George W. Cope, Secretary of the American Iron and Steel Association, states in his last annual report, that trade was much more unsatisfactory in 1884 throughout Europe than it was in 1883, and that during the early months of 1885, there was no change for the better; on the contrary, it was worse.

In Great Britain, in 1884, there was a marked reduction in the coal produced,—11 per cent. less pig iron was made—16 per cent. less steel, and a reduction of 42 per cent. is noted for iron and steel ship building. In the production of tin plates there was no reduction, rather a slight increase, but the price was the lowest on record. Reports from other sources, confirm this bad news concerning the great commercial and industrial depression, throughout the civilized world.

International Monetary Conference of 1881.

At the International Monetary Conference held at Paris in 1881, one of the United States Commissioners, the late ex-Postmaster-General Howe, said in his able speech defending bi-metallism: "that we seek a thrifty world, and it is our profound belief that no such world is possible if its money is limited to a single standard."

I do not intimate that a single standard has been adopted in Europe, but this attempt to adopt it is

one of the leading causes for this unthrifty world, in which we as a nation are selling so much of our surplus products.

Another member, United States Senator, William M. Evarts, of New York, in speaking of the "unlucky incident," as he, happily calls the demonetization of our silver in 1873, spoke as follows concerning the necessity of the use of the two metals: "As there never had been a time in history when silver and gold had not been necessary and been used as money, or when their united strength was more than adequate for the unfolding progress of society, so above all things in this age and in the actual circumstances of the world was this true."

Ex-Senator Thurman, of Ohio, who was also one of the Commission, in his leading speech for bi-metallism, said: "I believe that bi-metallism will ultimately prevail; for I cannot see how the vast structure of credit, the most distinguishing feature of modern industry and commerce, can be supported on a gold basis alone." "With both metals, its base has often been found too narrow; but with one it would be, to my apprehension, positively unsafe."

Mr. S. Dana Horton, another delegate who was admitted to a seat, and who was also a delegate to the conference of 1878, contended most gallantly for bi-metallism. He has written an exceedingly able work, published in 1877, called *Silver and Gold*, published by Clark & Co., Cincinnati. In some mysterious way he arrived at the conclusion that we should not have remonetized silver until we had secured an international treaty as to the ratio we

should use in our silver and gold coins, and had also secured the coöperation of the other leading nations of the world, in coinage. As an earnest student of his productions, and having a most profound admiration for his scholarship and abilities, yet I cannot see this question as he does. A ship may be launched in safety before she is ready for sea, and in fact the way to get her ready for sea is to put her afloat. We have a fair start, and have shown a good example to the world. We are only getting abreast of other nations in our domestic supply of silver coin while the bullion is cheaper. By our wise alteration in our law, in regard to the purchase of silver at market rates, the slight variation of ratio in the use of the two metals loses its old importance. In a very kind note from Mr. Horton, in 1884, he asks "what difference it would make to myself, if we should export all our silver, and coin gold alone?" This is the qestion I am trying to answer.

The Gresham Law.

About 300 years ago, an English gentleman, named Gresham, formulated a law that has taken his name, and has been pretty well executed, considering the length of time since the author has been gathered to his fathers. "Bad money will drive out good money," is a short way of stating this much quoted law. The meaning of the word "bad," as here applied to money, is that it must have less intrinsic value as bullion. We know, from the study of the monetary history of our country, that silver

drove the gold out of our country previous to 1834, and that gold drove most of our silver out from that time to our greenback age, and then the greenbacks, representing so much less silver or gold than their face value, quickly learned the neat trick, and drove the gold and silver out of sight. Since March, 1878, we have been coining our very "bad" silver dollars at the rate of about 28 million a year, but the driving trick has been apparently lost. We have a large and influential class of men appealing to the ghost of Gresham, and anxiously asking why it does not appear.

We have shown you, by statistics officially prepared by those highest in authority, that the gold does not go, but that the amount has been increasing instead of diminishing. We have shown that, for the thirteen years immediately preceding our late war, we lost our gold at the rate of about 130 million dollars a year, yet we coined very little silver. It was not on account of the Gresham law, although the gold was then the "bad" money. We have shown that the Gresham law does not work in France, where the silver money is nearly three times as great in amount as in our country, and the gold largely exceeds our own. The silver money of France is about 3 per cent. worse in value when compared with their gold, than our silver is, when compared with our gold. What is the matter with the Gresham law? Why cannot our people see these events happening before their eyes, and take a little more practical education? The value of our silver dollar to the people as individuals, is not its bullion value, but is

measured by what it may cost an individual to get this dollar. It will cost him, whether a foreigner or one of our citizens, just as much wheat, just as much cotton, just as much iron, or just as much of any of the products of labor, to obtain this dollar from the government mints, as to get the more valuable bullion gold dollar. Measured in this way, these coins are equal in value, and they fight out the battle on equal terms. The eminently wise provision put in the law of 1878, by that particularly clear-headed statesman, United States Senator Allison, of Iowa, compelling the government to buy all of the silver used in coinage, is the secret of this failure in the appearance of Gresham's ghost.

Allison is our Great Magician.

In course of time, should the bullion value of silver exceed the bullion value of gold, even to a part of the present ratio, and our coinage laws in regard to gold are not changed, the gold would pick up the driving trick, and we would quickly lose our silver. We hope by that time another Allison may be on hand to stop the game. Our silver producers cannot bring their silver to our mints, as they could at any time since their organization in 1792 up to 1873, and demand its coinage into dollars. They must take their chances, and sell their silver at market rates. This statement should make us see the base malice, falsehood, or ignorance, in saying that our silver coinage is only for the selfish personal benefit of the silver producer.

They, like any other industrious producer, profit by the demand for their product, but the special benefit and gain to the people from the silver coinage goes to our entire country.

If the coinage was stopped, we would expect the price of silver to fall rapidly, and our silver producers would suffer, but the people, the great producing class of our citizens, would suffer more in reduced prices for products and a further reduction in wages, and an increase in the value of debts.

Debts due England and Germany by other Nations.

In 1876, Mr. Seyd estimated that foreigners owed England about 5000 million dollars, and Germany about 2750 million dollars. Put it on wheels if you please, in ordinary carts, to get a glimpse of these sums. These two great creditor nations can insist, as a matter of selfish policy, in having these debts paid in the money of the highest intrinsic value. This may worry the debtors, but debts nearly always worry. The borrower has ever been the servant of the lender.

The hard creditor may easily put on such a high pressure, that the debtor abruptly squares accounts by bankruptcy.

This is becoming a very interesting feature of the discussion of this monetary revolution, by practical Englishmen, and by the metaphysical German.

The constant failure in the receipt of overdue debts and dividends, on what only a few years ago, were

considered remarkably sound investments, are events that will educate England and Germany as no arguments possibly could. The clean-cut arguments of eminent European scholars, statesmen and financiers, such as Wolowski, Cernuschi, Rouland, Dumas, Seyd, Rusconi, Laveleye, and others, have fallen on dull ears,—but events will educate.

Practical Bi-metallism.

When the leading nations of the world do as we are now doing, go into the open market and buy the cheaper of the two metals, and cause it to be coined, by legislative demand, into full legal tender money, the old equilibrium between the intrinsic value of gold and silver will soon be reached, and practical bi-metallism, on a basis that other nations can accept, will be fully established. This will satisfactorily settle one of the most subtle and momentous questions of national housekeeping; give more equity to the contracts of paying an almost inconceivable mass of debts; steady the demand and price of labor, and of the products of labor, and tend to establish the financial world on a far sounder basis.

The question is one of such commanding importance, that it has received the closest attention of many of the most eminently wise and scientific minds of all civilized nations. As great as the question is in importance and in difficulty to understand, we most earnestly appeal to the mass of our clear-thinking people to settle it, as far as we, as a

nation, are concerned. Part of it is easily within our grasp, and let us try and do our duty.

But remember we must all be armed with precise knowledge of the facts of the case, and of the United States laws.

The following table shows the amount of silver dollars actually owned by the government on the 1st of January of each year since their coinage; also, their value expressed in percentage, when compared with the net cash held by the government, and also the price paid at the beginning of each year for the pure bullion silver per ounce. On August 1, 1885, the price of pure silver at the U. S. Mint, Phila., was $1.07 per ounce.

This exhibit was presented officially by the Secretary of the Treasury on February 10, 1885, in obedience to a request from the House of Representatives. (See *Congressional Record*, Feb. 12, 1885.)

A table of the number owned, percentage of value to the cost in the U. S. Treasury, and cost of the silver in the dollar, from 1879 to 1885.

Year.	Standard Silver Dollars actually owned by the U. S. Government on Jan. 1 of each year.	Their percentage compared with the net cash in the Treasury.	The cost of the pure silver per ounce at the beginning of each year.
1879	16,291,469	8.06	$1.0916
1880	29,343,812	13.19	1.1415
1881	12,062,807	5.61	1.1185
1882	7,274,617	3.09	1.1285
1883	25,573,182	11.43	1.0912
1884	22,731,664	8.98	1.1113
1885	31,636,954	13.21	1.0865

COMETALLISM:

GOLD, SILVER

AND

PAPER MONEY.

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To the Hon. Leland Stanford
with the author's regards.

Jan. 1888.

COMETALLIS

A PLAN FOR COMBINING

GOLD AND SILVER

IN

COINAGE,

FOR

Uniting and Blending their Val

IN

PAPER MONEY,

AND FOR

Establishing a Composite Single Sta

DOLLAR OF ACCOUNT.

BY

NICHOLAS VEEDER.

PITTSBURGH:
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TO

DR. C. G. HUSSEY,

OF PITTSBURGH,

WHO IN THE COURSE OF A LONG AND HONORABLE CAREER HAS ACHIEVED ENVIABLE SUCCESS AS A PIONEER IN COPPER MINING AND IN THE MANUFACTURE OF COPPER AND STEEL; WHOSE NAME IS NOT UNKNOWN AS A PROMOTER OF SCIENCE, ART AND EDUCATION; WHOSE HIGH STANDING IN BUSINESS CIRCLES AND GENERAL ESTEEM IS WELL KNOWN; WHO HAS TAKEN A DEEP INTEREST FOR MANY YEARS IN ALL FINANCIAL QUESTIONS; WHO HAS GIVEN LARGE CONSIDERATION TO THE RELATIONS OF GOLD AND SILVER TO EACH OTHER, AND WHO HAS KINDLY EXPRESSED HIS CONFIDENCE IN THE VIEWS AND SUGGESTIONS HEREIN OFFERED, THIS ESSAY IS RESPECTFULLY DEDICATED.

CONTENTS.

I.

THE PROBLEM.—POOLING.

One of the most important problems of the day, demanding early solution, is the permanent regulation of the relations of gold and silver to each other, with respect to their use as currency.

Whatever difficulty we may have in discovering their equitable relations, perhaps it will be found that there is some good and just, some best way for harmonizing the uses and functions of the two metals, and that way may prove to be a very simple one.

In view of the great uncertainties necessarily connected with the relative production of gold and silver, in proportion to the demands for their use in the arts, and for coinage, it is obvious that there must always be some fluctuation in their values relatively to each other. While silver may at present be the cheaper metal, it by no means follows that it always has been, or will always continue to be so, and it would seem best to settle upon some agreed method of adjustment, and to adhere to it under all varying circumstances. That this would probably not be injurious to any interest is shown by the history of the past, and this may also appear in the history of the future, inasmuch as gold has sometimes been relatively cheaper than silver, and silver has at certain periods been cheaper than gold. However much the welfare of individuals may be affected, one way or the

other, by such fluctuations at particular times, the average good result to the nations must be greatly enhanced by the element of certainty on which commercial transactions will be based, if once an unchangeable standard becomes thoroughly established.

At the present time the public mind in the United States is in a peculiarly unsettled state, in regard to the kind of money which is hereafter to form our national currency. If it be asked, "Why not have a coin of one metal—either gold or silver, if you please—made the standard?" we find an answer in the actual practical situation. We have two giants—two Titans—in the field and contending for the supremacy, and no one can foretell whether gold or silver, or neither, will be the victor if the contest be continued. The banking and bonded interests, and the creditor ask for gold; while the miner, the farmer, the manufacturer and producing classes generally, and the trader and debtor are more ready to adopt the view that silver is entitled to equal consideration.

I propose that the disagreements between those two mighty powers, like those of two giant railroad corporations, be compromised, with the expectation that the rivals will eventually find ways and methods to work in harmony for their mutual advantage and for the public welfare.

We cannot ignore our neighbors. Co-existence necessitates respect for the rights of others. The essential idea of our Republic is a careful regard for the individuality and possessions of one another. The mere fact of existence is, of itself, a certificate of the right to exist which must be treated as valid, if such existence is not inherently hostile

to the general welfare. People, corporations, institutions, governments and nations all exist by mutual sufferance, and should unite in promoting the interests of all. The rights of all should not only be respected, but should be mutually protected. We have a colossal system of railroads, and factories, mills, shops, banks, etc., without number, all of which are entitled to seek patronage so long as they do not interfere by unfair methods with the efforts of their rivals.

But in practical life, innumerable problems arise as to their proper relations to each other, the solution of which taxes our powers to the utmost. This is particularly the case at present with the railroads of our country. The questions demanding answer as to the respective rights of trunk lines, the adjustment of through freights and passage between competing points, local traffic, equitable distribution of patronage, &c., are difficult in the extreme; they involve the relations of railroads to all other commercial and financial interests, and are everywhere producing mighty struggles to-day. But, however difficult, these questions must and will be answered sooner or later, and when answered, it will be seen that the way out of trouble has been revealed only by the light of mutual justice—as the principles of equity are more and more brought into practice, the right and easy path will become more and more plain. The railroads have made some progress towards attaining the desired end, by being forced into a practical recognition, to some extent, of the principles of mutuality; they are learning how to harmonize their antagonistic interests, by dividing business in the proportions indicated by experience as naturally belonging to each, under a system to which has been given the sig-

nificant and comparatively new term "*pooling.*" Under this system, if one of the co-operating roads should get more than its share of business as regulated by the agreed basis, the extra profits are distributed pro rata among the rest. In this way, if the agreements are honestly carried out, ruinous competition is avoided, and all are benefited where all would otherwise run only at a loss.

The continued observance and development of such principles of mutual justice will gradually lead them on to a complete and satisfactory solution of all their difficulties. Then there will be no injuriously "competing lines," for all will work together for the general good. They will co-operate upon republican principles, and ultimately establish a *republic of railroads.* As with railroads, so it should be with the rival precious metals; they should cease their warfare with each other, and work hand in hand. In a manner analogous to the equitable pooling of service by railroads, *gold and silver should "pool" their functions.*

II.

MONOMETALLISM, BIMETALLISM, AND RE-COINAGE.

In the New York *Independent* of October 1st, 1885, I find the following remarks upon Monometallism and Bimetallism, and also a statement under the head of Re-coinage of some of the difficulties in the way, under the present system, of maintaining a perfectly uniform standard:

MONOMETALLISM.

"We adopt the mono-metallic theory, which makes gold the one exclusive standard of value, and coins it in unlimited quantities and with full legal tender power, and also remits silver to the position of a subsidiary currency for the smaller transactions of trade. Silver is well suited to this subsidiary position, and may be used in large quantities for this purpose; but it is not, in modern times especially, suited to be a standard of value on an equal basis with gold. Gold, in this respect, by reason of its greater value in proportion to quantity, has acquired an ascendancy over silver which we believe it will maintain, just as railroads and rail-cars have acquired an ascendancy over turnpikes and old-fashioned post-coaches. Silver as a standard of value has had its day, and must give place to another metal—namely, gold—which, in modern times, is better suited to serve this purpose. The silver men, whether in Europe or the United States, may resist this tendency; but in the end they will be defeated. The tendency, by the force of circumstances, will

be stronger than their resistance. The governments of the earth will do, on this subject, what they find it for their interest to do, no matter what the speculative *doctrinaires* say about it. This is the reason why so many of the governments of Europe have become mono-metallic on the gold basis, and others will do so in due season. The tide of events is strongly in this direction.

The Government of the United States, by the silver law of 1878, attempted to make water run up hill; and the attempt so far has been a failure, as might have been expected. The fact is, that water has continued to run down hill. The silver dollar was not what the law declared it to be at the time of the enactment, and is to-day of less value than it was then. We think it high time that this farcical legislation came to an end. We have already, at an enormous expense, coined too many of these depreciated and dishonest dollars; and every dollar added to the amount is simply making the matter worse. We believe in facing the silver men with an absolute and uncompromising demand for the repeal of the silver law as the thing imperatively required by the best interests of the country."

BIMETALLISM.

"The fundamental idea of bimetallism is the coinage of gold and silver as full legal tender money, in unlimited quantities, at a ratio of value relatively to each other that will make the two classes of coins, having the same legal tender value, the commercial equivalents of each other in actual use. And inasmuch as these metals, if of the same fineness, have not the same value by weight, bimetallism proposes to make up for this difference of value by putting a larger amount of metal in one class of coins than is used in the other class, and such an amount as will

just compensate for the difference in the value of the metals, and thus secure a commercial equivalency between the two standards of value. The theory would be simple enough, provided that the relative market value of gold and silver remained uniformly at a fixed ratio of value. This, however, is not the fact, especially in modern times, and never has been the fact; and the non-existence of any such fact always has been, and always will be, the great difficulty in putting the double standard theory into practice. It may be written in the statute book of a nation; but, in practice, one or the other of the metals, according to their varying relative value, will be the standard in use. This will not give a double standard in fact, but simply an *alternative* standard, which will sometimes be silver, and at other times gold, according to circumstances; and there is not wit or power enough in man so to regulate and control these circumstances as to avoid this result under the theory of a double standard."

RE-COINAGE.

"It is suggested that all the silver dollars coined under the law should be melted up, and then re-coined 'into dollars having an equal value with gold in the markets and governments of the world, and in concert with them by treaty.' This suggestion proposes to coin an *honest* silver dollar, and not a fraud, and is so far good. The difficulty with it consists in three things. First, the new dollar thus coined would be so bulky and heavy as to be inconvenient, and for this reason substantially impracticable for popular use. Secondly, the 'governments of the world' show no disposition to enter into any such 'concert' with the United States as the suggestion assumes, and are not likely to change their attitude on this subject. Thirdly,

the constant fluctuations in the bullion or commercial value of silver would be as constantly changing the relative value of the two kinds of dollars, making one of them more or less valuable than the other, thus requiring repeated re-coinages of one or the other of these dollars in order to keep them, considered relatively to each other, at the point of commercial equivalency. We do not, for these reasons, think that this suggestion about re-coinage of the whole mass of our silver dollars furnishes a practical remedy for the existing difficulties, or a practical solution of the silver problem as it exists to-day in the United States and also in Europe. Senator Sherman has several times broached the same thought; and we have previously expressed similar views in regard to it."

These remarks, although by a monometallist, give good expression to the differing views on these topics, held by the great majority of those who give attention to such matters.

III.

DIFFICULTIES.

It is obviously impossible to make two coins of different metals of such relative sizes as always to have the same commercial values as bullion, and the great mistake of the day—leading as it does to most of the confusion of ideas that prevails—is, that it is necessary that the two coins should be so related; most assuredly an impossibility cannot be a necessity. In view of such impossibility, much of the current talk about "the dishonest 80 cent silver dollar," that "a silver dollar should be of as much value as the gold dollar," that "the dollar should be worth a hundred cents in weight," etc., etc., seems illy considered or biased.

As experience teaches, powerful governments, with unlimited credit like our own, can impart by law and by national usage, an equality of legal tender and commercial value which may be maintained for a great length of time, until new laws are made, or some political change takes place. A silver dollar, if need be, may partake of the nature of a paper dollar sufficiently to amply cover all temporary depreciation as compared with gold. It may even be called "a token" to the extent of such depreciation, but it would be a very good sort of a token with a great government behind it, to maintain its current value. Besides, as long as silver continues to buy as much as usual—as has been the case in 1885—it cannot be justly said to be depreciated.

Gold, from various causes, has simply grown relatively scarcer, and therefore higher in value and price; in other words, silver has not depreciated, but gold has appreciated. The creditor may seek to collect in gold what he has loaned in silver, because the one has risen and the other has fallen in value with reference to each other, and therefore the doctrine of gold monometallism would, at this time, be very convenient for him, but, in the same ratio, it would work injustice to the debtor. We cannot, however, apply the counterpart of this argument to silver. Gold has also appreciated relatively to everything else as well as to silver, and to the same extent as with reference to silver, while the relations of silver to general property remain comparatively unchanged, and it would not be unjust to the creditor to pay him in silver, because he can buy as much general property with it as when he made his loans, and as long as he can do this, he cannot properly demand more. We may further consider, that it is not at all impossible or improbable that some great and rapid development of new gold fields may bring about a change not remote, in the present comparative values of the two metals, and if so, the creditor might then prefer silver. It is not yet time to forget that gold was cheap and silver dear directly after the great discoveries of gold in California and Australia.

Thus far, the financial strength and credit of our Government have been sufficient to keep the gold and silver dollar at equal commercial values, within the country, and some good authorities are of the opinion that the silver coinage may go on at the same rate for four or five years, or even longer, before there would be much, if any, premium on

gold; but eventually, if the coinage be continued at an undiminished rate and no new elements enter into the course of events, the silver dollar will become the standard, and gold will be hoarded and exported, and the real dollar will be the silver dollar only.

While I think that the "Bland dollar" is an honest coin under the existing guarantees of the Government, I would recommend that new measures be considered with the view of eliminating it to such partial extent as may seem desirable by the introduction of a satisfactory substitute.

I wish to offer a plan for counteracting the natural tendency of the more abundant to drive the scarcer money out of circulation, and, at the same time, so unifying the gold and silver coinage as to do away with the fluctuations in their relative values, and render the use of two metals more practicable, and which will prove a good way out of our present coinage dilemma, and I believe, if adopted, that the plan suggested will give the country a circulation of paper money based on gold and silver, of the same value, and much more convenient for commercial uses.

IV.

REMEDIES PROPOSED.

Of the 65 to 70 elementary substances known in chemistry, gold and silver are the only ones which have the qualities and properties best adapted to make them the measures of values great and small, in the business contracts, transactions and exchanges of the world, and by virtue of these qualities and properties, both must and always will be used as money, as they have been used from time immemorial. They should run in harmonic parallelism, and continue to act together as the common servants of mankind, each supplying the deficiencies of the other, but neither ignored by or dominating the other.

Among civilized nations, the demand for the precious metals for use as money is the first that must be satisfied, their other uses being secondary; and the use, either of gold or silver, as an exclusive money standard, would rob the arts to a dangerous and hurtful extent; and by greatly enhancing the value of the favored metal, and thus immensely disturbing all other values, would produce much greater general losses and distress than could, by any possibility, be atoned for and compensated by the benefits that would accrue to only a favored few. We need both metals, for the wider the metallic basis is for our money system, the more securely it will stand.

The essential idea of the monometallist is, that there shall

be but one standard; while that of the bimetallist is, that two metals shall be used, and in these ideas, I agree with both. There should be only *one standard*, but that one standard should be a *composite* one, and should be made up of two metals instead of one only. Thus by one composite standard harmony may be established between the monometallist and the bimetallist, and the special wish of each will be completely satisfied.

My first idea, as with many other persons, was to combine the two metals as an alloy for coinage, but, owing to certain difficulties which will be hereinafter presented, this idea was soon considered impracticable and abandoned. My next idea was, to combine the two metals *mechanically*, and I have devised a coin in which the two metals are so combined, and have adopted the new word "*cometallism*" (co-metallism) to express their united and inseparable functions when so combined. I have further presented a proposition to issue coin certificates representing equal parts of gold and silver, which, so far as I know, is entirely novel, and which certificates, I think, would be a great improvement upon any plan which, in order to correct instability in the value of certificates, would require daily calculations based on the market price of silver and gold. A new proposition is also advanced for the adoption of a "Dollar of Account."

V.

PRESENT CHAOS.

As to paper money, we have the favorite greenback and national bank notes; also, what are better than either of them, gold and silver certificates, which are really of the nature of storage receipts. Many persons have a feeling of prejudice against the silver certificates, which is justifiable in so far as they represent dollars of inferior intrinsic value; but yet they are at least equal in value to greenbacks and bank notes, which may legally be redeemed in silver dollars, by the Government and the banks.

Perhaps it may hereafter appear that the issue of specie certificates is a step forward in the evolution of the best kind of currency or money. Such storage receipts are not merely promises to pay certain amounts of coin, but the kind of coin is also specified in each receipt. In them the word "dollar" has a definite meaning. As ordinarily used, the word "dollar" has a very ambiguous meaning. Thus, for example, if you are to receive one hundred dollars, you don't know what you are to get. The payor has the right to give you twenty-five cents worth each of copper cents, three-cent and five-cent pieces; five dollars worth each of silver dimes, quarters and halves; some gold and some silver dollars, and the balance in greenbacks (bank notes and coin certificates not being legal tenders).

Under this want of system a contract to pay or deliver money is very much like a contract to deliver oil without specifying whether it shall be petroleum, lard oil, or a part of each, or whether it shall be some other kind or kinds of oil. If objections to this existing option of the debtor to pay his debt either all in gold or all in silver, or all in paper money, or in a part of each, are valid, a limit to such option would certainly be a step forward, and would constitute a nearer approach to making the contract to deliver money a definite one.

Much of this ambiguousness in regard to the meaning of the word "dollar" comes from the uncertainty in the relations of gold and silver to each other. In the gold dollar there are one hundred gold cents, and in the silver dollar there are one hundred silver cents. The bullion value of the standard silver dollar has fluctuated in 1885 between 80 and 85 gold cents; while the bullion value of the gold dollar has fluctuated, per contra, between 125 and 118 silver cents. Many persons think there should be "more silver" in the silver dollar in order to make it "honest;" but it is already too heavy for convenience, and only a few, perhaps, appreciate fully how liberal the allowance of silver is in proportion to gold.

VI.

WEIGHT AND BULK OF GOLD AND SILVER.

The silver dollar weighs very nearly sixteen (16) times as much as the gold dollar ($412\frac{5}{10}$ as against $25\frac{8}{10}$ grains), and the impression therefore prevails that they maintain the same ratio of size or solid contents; but this is a great mistake arising from the difference in specific gravity of the two metals, which is about as 29 for gold to 16 for silver. (Atomic weights are, gold 197, and silver 108.) That is, any article of a given size made of gold will weigh $\frac{29}{16}(=\frac{197}{108})$ of the same article made in silver, or nearly twice as much. A gold spoon of the same size, shape and thickness will be nearly twice as heavy to handle as a silver spoon. In actual use in the arts, bulk is more valuable than weight, and as silver is more plentiful than gold, it is a very good thing that it is also the lighter metal of the two.

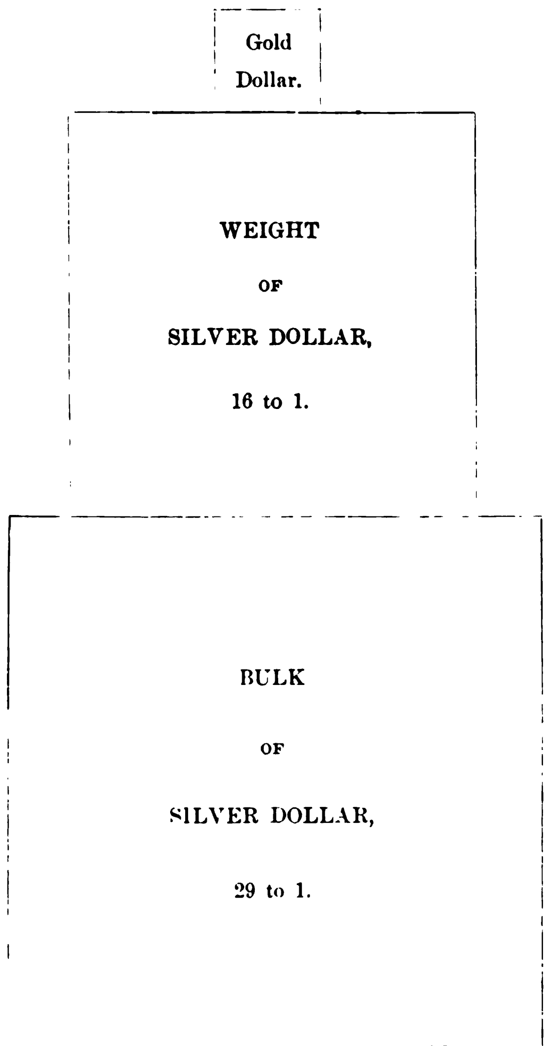
To show further why ratio of weight must not be confounded with ratio of bulk, let a case be imagined which, though impossible of realization, will serve the purpose well, and will, at the same time, develop some curious and interesting points. In order to make the differences between the two metals *the same, both as to weight and bulk*, it would be necessary to make their specific gravities alike, which, for the sake of illustration, we will suppose can be done. We should then increase the bulk of the gold dollar from its present proportion ($\frac{1}{29}$) to $\frac{1}{16}$ of the silver dollar, by reducing its

specific gravity to that of silver. Or, we should diminish the bulk of the silver dollar from its present 29 times that of the gold dollar to 16 times, by raising the specific gravity of silver to that of gold. Or, if the specific gravity of either metal were changed as indicated, without changing the present size of either dollar, their relations to each other in regard to *weight* as well as existing bulk would be as 29 to 1. In any such case, a diagram of only two parts, whether such parts were in the proportions to each other of 16 to 1 or 29 to 1, would exhibit to the eye the differences between gold and silver dollars, both as to weight and solid contents, and would assist in illustrating why, in view of actual conditions, the ratios of weight and bulk must be separately considered. The true relations of our present gold and silver dollars to each other will be seen in the following diagram of three parts:

In the comparison as to bulk, the silver coin is shown as if reduced to the same thinness as the gold, and no account is taken of the alloy in either coin.

The difference of preciousness is shown, in regard to weight, in the proportion of 16 to 1, and in regard to bulk, in the proportion of 29 to 1. If we duly heed the fact that the cubic contents of the silver in the silver dollar are twenty-nine times as much as the cubic contents of the gold in the gold dollar, it will be seen that a liberal allowance of silver has already been made in the standard silver dollar in consideration of the difference in quality and value of material.

DIAGRAM SHOWING COMPARATIVE WEIGHT AND BULK, RESPECTIVELY, OF GOLD AND SILVER DOLLARS.



From the differences thus shown in weight and in bulk or size, arise insuperable difficulties in the way of combining the gold and silver dollar by alloying the two metals with each other. An alloy containing in value 50 per cent. of gold and 50 per cent. in silver could scarcely be distinguished by its specific gravity or color from silver alone, and thus we could not secure a sufficiently marked distinction in size and appearance between coins greatly differing in values.

VII.

THE NEW COMETALLIC DOLLAR.

While the bimetallic use of gold and silver in an alloy, thus encounters what seems to be an insurmountable obstacle, perhaps another coinage may be found available, that is bimetallic in a new sense. Suppose that the law-making powers of the United States should declare that hereafter, from a certain given date, and with due and equitable provisions in regard to all contracts existing at that date, every holder of greenbacks and bank notes should have the right to demand that in their redemption he should receive 50 per cent. of each kind of coin; that is to say, 50 per cent. in value of gold and 50 per cent. of silver, and that only by mutual consent such proportion could be deviated from. Such an enactment, if carried into effect, would soon give rise to a new idea of the dollar.

In pursuance of such new idea, I propose a new *cometallic* dollar, the essential nature of which is that it shall contain one-half in value in gold, and one-half in silver. The present standard gold and silver dollars exist in large amounts, and, all things considered, will remain as permanently equitable in their relations to each other as any other probable standards, and I suggest them as a basis for the new dollar in order to avoid needless trouble and expense, and to secure easy and harmonious transition from the old to the new.

The present gold dollar weighs $25\frac{8}{10}$ grains, and the silver dollar weighs $412\frac{1}{2}$ grains. The proposed new ideal dollar would be composed of $12\frac{9}{10}$ grains of standard gold and $206\frac{1}{4}$ grains of standard silver—it would be a silver-gold dollar, and would contain one hundred silver-gold cents.

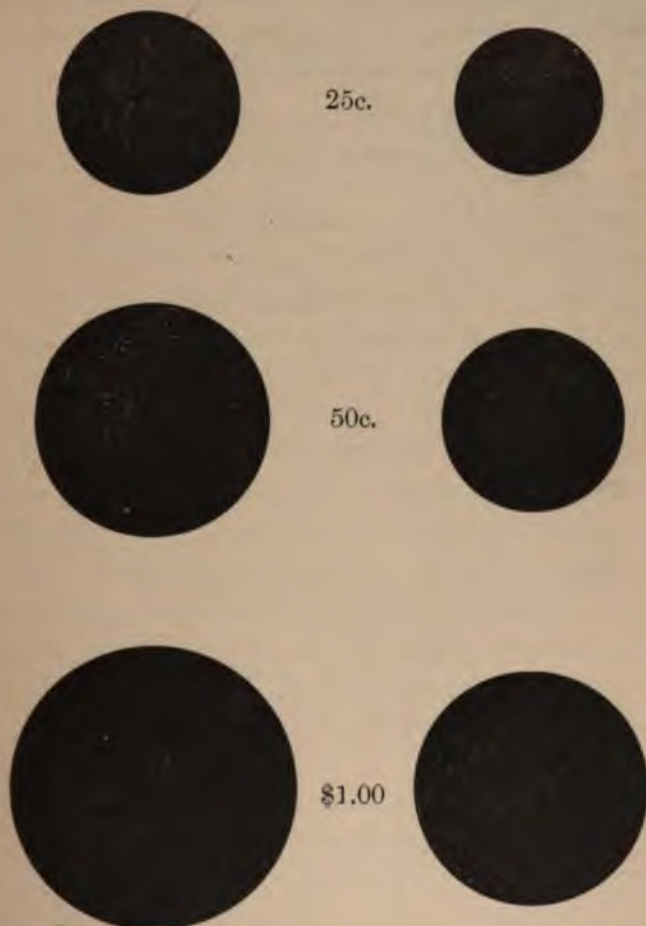
The new coin which I have invented, and the adoption of which I propose, consists of an outer disk of silver of the value of 50c., resembling a coin with a hole cut through its centre. In this hole or centre is fitted a disk of gold, also of the value of 50c. The gold is held in place by the millings of the silver lapping over the gold and the compression incident to coinage. There is a double depression where the gold is, and the latter is too thin to admit of alteration. The form of this coin appears in the engraving herewith. It may also be said for this coin, that the abrasion comes on the cheaper metal, the gold being protected by being in a recess. In size it would be only a trifle thicker than the present half dollar, and would be easily distinguished in the pocket by the central depression, and when brought to view the eye would readily catch the central color as well as the special legends and devices. The union of the two colors in one coin will also give it an attractive appearance and gratify an artistic taste.

The cometallic half dollar would be about the size of a silver quarter, and the cometallic quarter would somewhat exceed the size of the silver dime, but the senses of feeling and sight would warrant the unrestricted mingling in the

pocket of all denominations of silver and cometal coins. For the highest convenience, and to the satisfaction of all needs, I would commend only the cometallic dollar, half dollar and quarter, because a two dollar coin—which would be a trifle thicker than our present silver dollar—would not be needed, and a coin of higher value than two dollars would be too large and cumbersome for general use, while a coin smaller than the silver dime would be too small for convenience.

The three cometallic coins—dollars, halves and quarters—being only about one-half in size of the corresponding silver coins, we would be enabled to carry in the pocket twice as much value in cometallic specie as in the latter coins, and the pocket use of specie could be greatly increased without becoming burdensome. The following diagrams will exhibit to the eye the relative sizes of the old coins, and of the new.

I have been informed by experts who are accustomed to the manufacture of medals, &c., and who work up much of the precious metals in fine art, and who have made several models of the proposed coins, that there would be no practical difficulty in making a safe cometallic coin. The Government, with its unlimited facilities of suitable fine machinery, special contrivances and great skill, will be abundantly equipped for the perfect mechanical execution of all sizes and denominations of coins in which the union of the two metals shall be perfectly secured, and the devices and legends on which shall so unite them and extend from one metal to the other as to render them inseparable except by destructive violence. If the parts were separated for purposes of substitution, the mutilation of the joint would be too great for replacement, and the separated metals would



RELATIVE SIZES OF THE

COINS OF OUR FATHERS AND OF COMETALLIC COINS.

then serve only for bullion. The thinness of the gold, the fine work at the joint, and its inevitable mutilation upon separation of parts, and the composite structure would constitute as perfect a preventive of counterfeiting as can be devised for any coin.

VIII.

UNCHANGEABLE IN VALUE.—MUTUAL COMPENSATIONS.

The cometallic dollar, although composed of two metals, is a unit always containing 100 cents. Its purchasing power of general property might change somewhat on the average according to the times, and during a period of hard or cheap times it would buy more, while during times of inflated prices it would buy less. But, as a whole, it would be an unvarying standard for the commercial values as bullion, of its component parts, because the parts would always be worth, taken together, just 100 cents. Such a relation between gold and silver in money would be somewhat analogous to the relation of the metals in the compensating pendulum of a clock, which is made of two metals, and in which as the one expands upwardly the other expands in the opposite direction, and the length of the pendulum remains unchanged.

The gridiron pendulum is made of steel and brass wires. Another style carries a column of mercury at the bottom of the pendulum rod which rises and falls with changes of temperature, as in a thermometer. In both ways the distance of the centre of gravity from the centre of motion is kept uniform, and the pendulum swings in uniform periods of time. The balance wheels of watches and chronometers are made of steel and brass in like manner, and for a like purpose,

that is—to overcome the effects of varying temperatures, by mutual counter expansions of the two metals. Thus, by such instruments the fleeting second of time can be measured with precision, and it may be that the gold and silver composing the proposed new coin may be made to mutually regulate each other in value with a similar degree of precision.

The gold half as bullion may be worth 40, 50 or 60 cents, but at the same time the silver half will be worth 60, 50 or 40 cents, and their sum total will never vary from 100 cents. The relative values of the two metals, separately considered, may change indefinitely, but their combined values in this coin must always remain the same. Such a coin would literally obey the Constitution of the United States, which calls not for gold *or* silver, but for gold *and* silver. The fundamental idea is too simple to require much argument—its fallacy or its merit may be easily understood. Here, then, we have a genuine and fixed standard of value, founded on justice to all, and therefore permanent and beneficent.

IX.

THE ESSENTIAL PRINCIPLE.—REDEMPTION.

The cometallic dollar need not be produced to any great extent. It will represent the unit of value, and will embody and illustrate the principles intended to underlie the entire currency. It will not be necessary to redeem paper money solely in actual coin, nor will it even be necessary that the coin demanded for purposes of redemption shall be all or in part cometallic, *the essential principle being that all paper money shall be redeemable one-half in standard gold, and one-half in standard silver*, which principle will be satisfied by redemption, one-half in separate gold coin, and one-half in separate silver coin.

The two metals may be provided in separate *bars* (an old device) as well as in separate coins, such bars and coins being of all useful sizes and denominations, while the cometallic dollar may be furnished for pocket use and for general transactions and requirements, including redemption to such extent as the public convenience may demand. Thus the proposed system will harmonize perfectly, as to bars, with the ideas of Mr. I. W. Sylvester, Government assayer in the City of New York, who I think is, perhaps, at this time the most prominent advocate of their use.

Metallic money, in the form of bars, ingots, rings, and pieces of various shapes, and different kinds, was, in very ancient times, found a more convenient medium of ex-

change than any other article of barter. Eventually governments assayed these various pieces of metal, stamped them with their weight and quality, and reduced them to a uniform size, shape, quality, value and denomination. Thus a legalized currency of coined money, including bars, was evolved, to the great convenience of the world at large.

The holder of a bimetallic or cometallic greenback or bank note could rest secure in the consideration, that if silver should become cheaper, the gold which it would call for would be relatively enhanced in value in the same proportion; while if the gold dollar should again become of less value than the silver dollar, as has been the case in certain periods in the past, he would be compensated in the enhanced value of the silver.

The same principle could be applied in the issue of coin certificates, which could be made payable in cometallic coin, or in separate gold and silver coins or bars, constituting an equal number of dollars of each metal, and it might be found by experience that the kind of currency thus evolved would be preferable to any other.

X.

COIN CERTIFICATES.

Coin certificates being of the nature of storage receipts, are issued mainly for a similar purpose: that is, to save the necessity for and risk incident to the transportation of weighty and bulky as well as valuable articles. The title to the property represented by a storage receipt, whether it be gold or silver, or wheat, is vested in the owner of the receipt, which is easily carried or sent to any other place, while the property it represents remains in one place until removed to or towards the place where finally consumed, or used in the arts, or in any other way. Such coin certificates would be the most perfect money possible for use as general currency, as they would be issued only against a specific deposit always held in readiness for specific redemption, and would, therefore, in all probability be redeemed, even if, for some now unforeseen reason, the payment of specie for greenbacks and bank notes should be suspended.

XI.

MONEY OF ACCOUNT.

In Dye's Coin Encyclopedia * — a large and valuable work—we find an article on "The Primitive Forms of Money," from which we extract a few remarks on "Money of Account."

MONEY (from the Latin or Italian word *moneta*) is practically the name of anything received by common consent, at a stated value, in general exchange.

MONEY OF ACCOUNT is an ideal unit of value.

The primitive forms of money were articles of barter, some of which, by use as the means and measure of trade, in time acquired a special "value in exchange," in excess of that "value in use" originally belonging to them. Thus was established an artificial standard of valuation, continually growing more and more abstract, until there was conceived an ideal money of account, in which the familiar name of some common article, once made the standard of traffic (though perhaps long superseded), became the denominational unit of arithmetical monetary calculation.

Without a full comprehension of moneys of account, an understanding of the true nature of money, in all its forms, is impossible. Money of account may, or may not, have a material representative. The unit of value, however derived or expressed, becomes fixed in the mind, is "committed to the memories of a whole nation," and comes to be, in relation to valuation, that which leagues, miles, feet and inches are to distance; which degrees, minutes and seconds are to angles; what a scale of proportion is to a geographical map, an architectural or other plan. Money of account is, in fact, an ideal and "arbitrary scale of equal parts, invented for measuring the respective value of things vendible."

The use of money of account cannot be mechanical, but is mental only; a matter of arithmetic. The money of account of the Bank of Venice,

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* Dye's Coin Encyclopedia: A complete, illustrated history of the coins of the world. By John S. Dye. Published by Bradley & Company, No. 66 North Fourth street, Philadelphia. 1883. Price, $4.50.

which remained the same for five hundred years, had no coins to correspond with it; it was merely an idea, and yet, the value of all coins and commodities was expressed in and by it. A money of account is a language in which all values or prices may be expressed, and by means of which the relative value of commodities may be stated. It is something every one carries in his mind, as he does his knowledge of words or of arithmetic, and in so doing he is quite independent of thoughts of coinage or circulating notes.

Montesquieu noted among the natives of the coast of Africa, in the 18th century, an ideal money, which is described as a "sign of value without money." The unit of this money of account was denominated *macoute*, which was subdivided into *tenths* (decimals!), designated by a word which signified prices. Macoute was a kind of cloth which had been used as an article of barter.

According to Dr. Heinrich Barth, an enterprising German explorer, a native of the city of Hamburg, who traveled in Northern Africa in 1845, and in Central Africa alone from 1851 to 1856, the ancient standard of the commerce of Barnoo, Central Africa, was the pound of copper, which the people of that country called *rotl*. The use of the pound of copper as a medium of exchange was abandoned in Barnoo long ago, but the name *rotl* still remained, as the unit of a money of account, in which the cost of commodities was reckoned. Although cotton cloth, shirts, cowry shells and other goods, with Spanish and Austrian dollars in silver, were used as money, the value of them all was expressed in *rotls*. The history of every country or tribe which has independently made its progress from barbarism to even partial civilization, could be made to furnish some illustration of this method.

The "Money of Account" may be defined as the kind of money generally recognized in any country as the money standard of reckoning, according to which the relations of debtors and creditors are indicated in business, in money transactions, and in obligations for the immediate or future payment of money. Whatever kind it may be that is in use by a people, the coins and circulating notes of that people should, for the sake of simplicity and convenience, coincide with it in names and denominations. If they do not, then the values of such coin and notes must be computed in the same manner as alien coins and notes. The actual issue

of coins to correspond with the money of account could be dispensed with, as the standard unit of calculation would refer only to the kind and quantity of material that should be considered as constituting it, whether issued as a coin or not. At present the United States gold dollar contains $25\frac{8}{10}$ grains, and the silver dollar contains $412\frac{1}{2}$ grains; if neither of them were ever actually issued, it would not hinder in the least the computations and valuations based on those given metals and quantities.

The definition given above—"an ideal unit of value"—perhaps illustrates the thought involved as clearly as it may be in any other way, and the use of such ideal unit by the Bank of Venice for 500 years is a remarkable case. The Federal Money of Account and decimal system were first established by the Act of April 2, 1792, as per

SECTION 20. *And be it further enacted*, That the Money of Account of the United States shall be expressed in dollars or units, dismes or tenths, cents or hundredths, and milles or thousandths, a disme being the tenth part of a dollar, a cent the hundredth part of a dollar, a mille the thousandth part of a dollar, and that all accounts in public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation.

This remains the law of to-day, being almost identically rehearsed (except that the old spelling is modernized) in Section 3563 of the Revised Statutes, and its provisions are embodied in the arithmetical table of Federal or United States money as follows:

10 mills make 1 cent,
10 cents make 1 dime,
10 dimes make 1 dollar,
10 dollars make 1 eagle.

It is to this tabular dollar that we refer in our minds, in all computations or reckonings of national money; it is the real measuring unit, the Dollar of Account, whether paper or metallic, having authority only as it conforms to the ideal law.

XII.

THE DOLLAR OF ACCOUNT.

The Dollar of Account is that material money unit which has been constituted the measure of value for all kinds of property, and according to which all forms of Federal paper money are redeemable.

It may be made of any material to which the Government shall impart the required measuring and redemptive qualities.

We have now three kinds of the Dollar of Account—the greenback, the gold dollar, and the silver dollar, between all of which there is mutual equality of value; they are all at par with each other, and all are payable and receivable for public and private dues. The greenback is mere paper, and it only promises to pay dollars without specifying any time for such payment, but inasmuch as it possesses the required measuring and legal tender qualities, it is as truly a Dollar of Account as the gold dollar or the silver dollar.

It became our real and only national Dollar of Account immediately on its first issue in 1862, and the gold and silver dollar at once became different from it in commercial value. This difference was shown by premiums, larger and smaller, which the coin money commanded until the resumption of specie payments January 1, 1879. For ~~eighteen~~ 17 years it was the only Dollar of Account, and being now regularly redeemed in gold or silver dollars, the

commercial values of the three kinds of dollars are equal. It is now proposed that the redemption shall be cometallic. Should such a change be adopted by our Government, there would then have been a historical evolution from greenbacks to be redeemed in the remote and uncertain future to greenbacks redeemed in gold *or* silver, and then in gold *and* silver in equal proportions, thus becoming what may be found to be the true "American money—better and more stable than either gold or silver." The greenback may be said to exhibit the Dollar of Account in an ideal form, inasmuch as its substance possesses no value, while the gold and silver dollars, having intrinsic value, present it in concrete or solid forms. The United States have no Dollar of Account that has been legalized as such in due form; although having a legally prescribed Money of Account, and having coinage laws which prescribe how money shall be coined in order to conform to and truly represent it, it may be said that a legalized Dollar of Account really and virtually exists. Still, it exists only by inference, and if we ever discover the true, perfect and permanent dollar, it might be well to recognize and establish it as such by a formal declaration. In future efforts to improve financial methods and facilities, the past omission to do something of the kind, should be remedied by adequate legislation, for in this way only can the true and full meaning of the word "dollar" become fixed and limited. Such meaning may be settled by establishing the kinds and quantities of materials which shall constitute one dollar.

I propose that the standard dollar shall be composed of $12\frac{9}{10}$ grains of gold in mechanical combination with $206\frac{1}{4}$

grains of silver, and that the dollar so composed shall be declared the Dollar of Account. The term "dollar" would then legally mean just so much gold and so much silver taken together—no more and no less. This can be illustrated by a few examples in the form of equations, thus:

$\$1.00 = 12\frac{9}{10}$ grains of gold + $206\frac{1}{4}$ grains of silver.

$$\$2.00 = \begin{cases} \text{1 gold dollar + 1 silver dollar.} \\ 25\tfrac{8}{10} \text{ grains of gold} + 412\tfrac{1}{2} \text{ grains of silver.} \end{cases}$$

$$\$10 \quad = \begin{cases} \text{5 gold dollars and 5 silver dollars.} \\ \text{129 grains of gold} + 2{,}062\tfrac{1}{2} \text{ grains of silver.} \end{cases}$$

$$\$100 = \begin{cases} \text{5 gold eagles and 50 silver dollars.} \\ \text{1,290 grains of gold + 20,625 grains of silver.} \end{cases}$$

A $30 coupon payable A. D. 1900, when due, would call for the 387 grains of gold and $6{,}187\frac{1}{2}$ grains of silver to be found in three gold half eagles and 15 silver dollars. If a cometallic bond were now issued, the holder would doubtless be well pleased to know exactly what the coupons attached and the bond would command as they fell due—such knowledge would be preferable to the existing uncertainty. Every contract naming "dollars" would be understood and treated as calling for settlement, not in cometallic coins in particular, but one-half in standard gold and one-half in standard silver, at their nominal coined values.

The actual composition of our standard gold and silver coins is only $\frac{9}{10}$ fine, the rest being, in the gold, mostly copper, with a varying small per cent. of silver, while in the silver coins the alloy is all copper. Thus the silver dollar contains $371\frac{1}{4}$ grains of pure silver and $41\frac{1}{4}$ grains of pure copper, which amount of the latter, at the present wholesale

market price of ingots of 11 cents per pound, avoirdupois, is worth $\frac{1}{18}$ of one cent.

The proposed single standard cometallic dollar will be of a composite nature, being made up of gold and silver for value, and of copper for hardness. It will be a combination of the three metals which, from the earliest times, have been most used as materials out of which money has been made—it will consist of the old materials put together in a new way. This dollar, being declared the Dollar of Account, would, by virtue of its qualities as such, become the sole measure and arbiter of values and standard of redemption.

As said before, there are now three kinds of the Dollar of Account—the gold dollar, the silver dollar and the greenback. I propose that this function be taken from them and assigned exclusively to the cometallic dollar, the same to be the only Dollar of Account. Nevertheless all will be needed, and in order to secure simplicity, and avoid confusion of ideas and terms, each should have a distinct name. The simple name "dollar" will naturally be assigned to the cometallic coin. The name "greenback" calls for no change; but for the gold and silver dollars new names will be required. A good name for the gold dollar may be derived from the Greek and Latin languages, and some of the derived forms of the latter among modern languages. One Greek word for gold is *auron;* in patrician or classic Latin the word *aurum* means gold, and its ancient rustic form was *orum;* in Italian and Spanish the word meaning gold is *oro*, and in French it is *or*, and all three were probably taken from the rustic form *orum*. The term "*orum*," then, would seem to furnish all requisites of suitableness as to

derivation, significance, convenience and euphony. For the silver dollar, the term "*argent*" would seem equally appropriate—Greek, *arguros* (from *arges*, white or brilliant); Latin, *argentum;* Italian, *argento;* French, *argent.* Upon the adoption of the cometallic dollar and the above names, the money of the United States would have four kinds of dollars:

The cometallic coin, named	DOLLAR.
The gold coin, named	ORUM.
The silver coin, named	ARGENT.
And the paper dollar, named	GREENBACK.

The use of such special and distinctive names would doubtless promote clearness of ideas, and facilitate daily financial transactions.

When the meaning of the word "dollar" has once become fixed and limited by law, the expression "payable one-half in gold and one-half in silver," and all of its equivalents, could be generally omitted in defining the style of payments. The full meaning of the word would be easily understood, and it would pass current in language as now, without a special analysis, in the mind, of the nature of the thing itself, which would be thought of simply as a unit.

XIII.

SOME LESSONS FROM COIN STATEMENTS.

The United States Treasury Statement, concerning gold and silver, for October 31, 1885, shows the condition of the Treasury on that date.

The gross amount of gold was:

Coin in Treasury	$178,941,459
Bullion in Treasury	72,417,890
	$251,359,349
Less outstanding certificates	109,020,760
Net gold held	$142,338,589

The gross amount of silver was:

Standard dollars in Treasury		$163,817,342
Bullion in Treasury		3,840,536
		$167,657,878
Less outstanding certificates		93,146,772
Net silver held		$74,511,106
Being standard dollars	$70,670,570	
Bullion	3,840,536	
	$74,511,106	

In the Coinage Statements of the Director of the Mint, it is shown that the total coinage of standard silver dollars, for

the seven years and four months, beginning March 1, 1878, and ending with the fiscal year June 30,

1885, was	$203,884,381
And for four months, July 1—Oct. 31,	9,347,050
Total to Oct. 31, 1885	$213,231,431

From these statements I gather a few facts. Standard dollars are distributed as follows:

Reserve to meet outstanding certificates	$93,146,772
Payments of Government dues	49,414,089
Amount in public use	$142,560,861
Net reserve held in Treasury	70,670,570
Total as above	$213,231,431

From this it is seen that more than two-thirds of the silver dollar coinage under the Act of 1878—$142,560,861—is in active circulation in coin and representative paper. Of this the Government is custodian for $93,146,772, and has issued its representative obligations to that extent at the request of the people, and to promote their convenience.

It may be further seen in regard to coin certificates that the outstanding amounts are for:

Gold	$109,020,760
Silver	93,146,772
Difference	$15,873,988

That is, the Government is custodian for nearly sixteen millions more in value of the people's gold than of their silver; but when we consider differences of weight and bulk, the relief from risk and trouble in handling, and the consequent accommodation to the people, are found to be much

the greater in regard to silver. The amount of silver represented by above coin certificates is greater than the amount of gold similarly represented, in regard to weight, as $13\frac{2}{3}$ is to 1, and in regard to bulk as 25 is to 1. (In this estimate no reference is had to small variations resulting from the one-tenth alloy.) Or, in other words, in comparing the amounts stored with the Government, the silver is $13\frac{2}{3}$ times as heavy and 25 times as bulky as the gold.

The people already control with paper the gross holdings of the Government to the extent of nearly one-half ($\frac{108}{251}$) of the gold, and more than one-half ($\frac{98}{167}$) of the silver, the latter being also nearly one-half ($\frac{98}{218}$) of the entire coinage to October 31, 1885, of standard dollars. There is no good reason why they should not decide for themselves what proportions of gold, silver and paper money would best suit their convenience, and the laws of trade alone should regulate issues.

XIV.

MUTUAL REGULATION OF GOLD AND SILVER.

In his report of October last, for the fiscal year ending June 30, 1885, the Director of the Mint says: "It would appear that the amount of coin in the country on 1st of July, 1885, was some $820,000,000, of which $542,000,000 consisted of gold coin, and $278,000,000 of silver coin."

Under cometallism the quantities of gold and silver available as money would be mutually regulated by each other. Thus, if there were only $278,000,000 of gold metallic money in the country, and if, at the same time, there were $542,000,000 of silver metallic money, only $278,000,000 of the latter would be available for financial purposes, the use of each silver dollar being co-ordinate with the use of one gold dollar. This would tend to prevent a too rapid increase or change in the sum total of specie, while, at the same time, all objections to unlimited coinage of both metals would be obviated. Any surplus of either metal beyond a demand for equal coinage, being cheapened by its greater abundance, would have a tendency to become absorbed in the arts, and such absorption would, of course, in its turn, assist in maintaining the desired equilibrium. It must not be forgotten that while the use of the precious metals as money for thousands of years indicates their prime importance for that purpose, their other uses in manufactures and the arts, in ways too numerous to mention, are also

exceedingly important. Under the present "double standard at any moment, the standard of value is doubtless one metal or the other, and not both; yet the fact that there is an alternation, tends to make each vary much less than it would otherwise do."—(*Jevons.*) Under cometallism the tendency to variation would be still less, and the compensatory or equilibratory action would be more than now.

In seeking to promote equilibrium, the Government should regard only its own net holdings—not gross amounts kept on deposit. "Equal amounts" would refer to the net reserves against which no obligations had been issued. Other reserves—of which the Government is only the custodian—should, of course, equal the amounts of the coin certificates issued against them.

The net reserves of gold and silver in the Treasury, as reported in the official coin statement for October 31st, 1885, are:

Gold..	$ 142,338,589
Silver..	74,511,106
Gold more than silver..................	$ 67,827,483

From this it would seem that there is no great danger yet from an overstock or overcoinage of silver, and it may be that several years will elapse before the net reserve of silver can overtake that of gold. The usual coinage of gold should be continued without change or special limit, while the purchase and coinage of silver should continue at a more rapid speed than that of gold, until the respective net reserves of the two metals have been made approximately equal. This equality should be steadily maintained by suitably regulat-

ing the respective purchases, and should be the rule. Of course, if deemed advisable, such equalization could be effected at once, simply by exchanging one-half of their difference. When once such equalization has been effected, the further production of gold and silver coins, would, of necessity, proceed *pari passu*, and would need no further regulation. A single standard, whether gold or silver, which must be supplemented with subsidiary coinage that is partially token in its character, and the ordinary bimetallic standard must be artificially maintained. Cometallism being natural, will not need artificial support; it will maintain and regulate itself by its own natural inherent qualities. If the relations to each other of the gold and silver dollars of our fathers are once cometallized, it is probable that they would not be again disturbed.

XV.

HOW COMETALLISM ASSERTS ITSELF NOW.

It may be possible to show that the Nation is already reaping some of the benefits of practical cometallism, in a manner that may hitherto have been generally overlooked; its principles assert themselves in all cases in which stores of gold and silver are held by one party, much after the manner of averaging losses on one kind of property with gains on another.

There are some cases in which there will be no loss or gain in the holding or manipulation of such stores, and other cases in which loss or gain will occur.

There will be no loss or gain:

1. In changing the relative proportions of the holdings (which may be equal or unequal), by buying a portion of one metal with a portion of the other, at market prices, if the market remains stationary.

2. When gold is above par, at par, or below par with silver, if there is a change in the market while the holdings are equal in value at bullion cost. This stability of value will always be maintained under all changes of market, so long as the holdings are kept substantially equal. The diminished value of the cheaper metal is offset by the enhanced value of the dearer, and the difference is gradually neutralized, and disappears as par of both is approached.

Gold and silver stand at par with each other when a given

number of the standard coined dollars of one metal will buy an equal number of the standard coined dollars of the other, at bullion value. For the purpose of measuring one metal by the other, either is adopted as the standard, and such standard is considered par at 100. The variations from par are reckoned on either of the standard coined dollars, and not on the gold dollar alone.

If we hold unequal amounts (in bullion values) of gold and silver, and there is a change in values, there will be a loss or gain in one of each of four different ways, viz.:

There will be a loss:

1. When the store of gold is the greater, and silver goes up.

2. When the store of gold is the lesser, and silver goes down.

There will be a gain:

1. When the store of gold is the greater, and silver goes down.

2. When the store of gold is the lesser, and silver goes up.

The loss or gain will be on the difference between the amounts held, and whoever holds gold and silver in differing amounts is a speculator in the rise or fall on such difference. Then, if it be desirable to avoid loss or gain, and to get out of the region of speculation, we should bring about approximate equalization, in bullion values, of the amounts held.

It must always be borne in mind that I am chiefly considering the variations in value and the relations of the two metals with reference to each other, for if we can secure

their scientific copartnership, and the blending of their values, their relations to other property of all kinds will be entirely satisfactory.

The result of changes in the respective market values of gold and silver may perhaps be illustrated more compactly and clearly by tabulation than in any other way. If silver should go down in value, a given amount of gold will buy an increased amount of silver, and *vice versa.* Thus, with $25\frac{8}{10}$ grains of gold in a gold dollar and $412\frac{1}{2}$ grains of silver in a silver dollar, the equations of gold and silver at different market prices for bullion will vary after this manner; say for $10 each:

EQUATIONS OF GOLD AND SILVER.

TABLE 1.

Gold @ 100, and Silver @ 50,—258 gr. Gold=8250 gr. Silver, and 4125 gr. Silver=129 gr. Gold.
Gold @ 100, and Silver @ 80,—258 gr. Gold=5156¼ gr. Silver, and 4125 gr. Silver=206⅖ gr. Gold.
Gold @ 100, and Silver @ 100,—258 gr. Gold=4125 gr. Silver, and 4125 gr. Silver=258 gr. Gold.
Gold @ 80, and Silver @ 100,—258 gr. Gold=3300 gr. Silver, and 4125 gr. Silver=322½ gr. Gold.
Gold @ 50, and Silver @ 100,—258 gr. Gold=2062½ gr. Silver, and 4125 gr. Silver=516 gr. Gold.

TABLE 2.

Or, to state it in another way, with $10 in standard coin gold we can buy silver bullion as follows:

Gold @ 100, and Silver @ 50,—8250 gr. Silver, cost $10 Gold=$20.00 in Standard Silver Dollars.
Gold @ 100, and Silver @ 80,—5156¼ gr. Silver, cost $10 Gold=$12.50 in Standard Silver Dollars.
Gold @ 100, and Silver @ 100,—4125 gr. Silver, cost $10 Gold=$10.00 in Standard Silver Dollars.
Gold @ 80, and Silver @ 100,—3300 gr. Silver, cost $10 Gold=$ 8.00 in Standard Silver Dollars.
Gold @ 50, and Silver @ 100,—2062½ gr. Silver, cost $10 Gold=$ 5.00 in Standard Silver Dollars.

EQUATIONS OF GOLD AND SILVER.—Continued.

TABLE 3.

On the other hand, with $10 in standard coin silver we can buy gold bullion as follows:

Gold @ 100, and Silver @ 50,—129 gr. Gold, cost $10 Silver=$ 5.00 in Gold Dollars.
Gold @ 100, and Silver @ 80,—206⅖ gr. Gold, cost $10 Silver=$ 8.00 in Gold Dollars.
Gold @ 100, and Silver @ 100,—258 gr. Gold, cost $10 Silver=$10.00 in Gold Dollars.
Gold @ 80, and Silver @ 100,—322½ gr. Gold, cost $10 Silver=$12.50 in Gold Dollars.
Gold @ 50, and Silver @ 100,—516 gr. Gold, cost $10 Silver=$20.00 in Gold Dollars.

TABLE 4.

Having $10 gold and $10 silver, if gold is bought with the silver, and silver with the gold—that is, if one is converted into the other at market prices, the following results are obtained:

Gold @ 100, and Silver @ 50,—$10 Gold=$20.00 Silver, and $10 Silver=$ 5.00 Gold,=Total, $25.00.
Gold @ 100, and Silver @ 80,—$10 Gold=$12.50 Silver, and $10 Silver=$ 8.00 Gold,=Total, $20.50.
Gold @ 100, and Silver @ 100,—$10 Gold=$10.00 Silver, and $10 Silver=$10.00 Gold,=Total, $20.00.
Gold @ 80, and Silver @ 100,—$10 Gold=$ 8.00 Silver, and $10 Silver=$12.50 Gold,=Total, $20.50.
Gold @ 50, and Silver @ 100,—$10 Gold=$ 5.00 Silver, and $10 Silver=$20.00 Gold,=Total, $25.00.

Tables 1, 2 and 3 all show how much of one metal can be bought with the other. Table 4 shows that as mutual par is departed from, there is an apparent increase in the totals, but this increase is fallacious, being in the cheaper metal, while there is also a decrease in the dearer metal. Their genuine combined values are not altered, as will be seen by trading back and restoring the equal holdings—the principles of cometallism still assert themselves.

The net reserves of gold and silver are only bullion to the Government while the Government holds them, and only bullion price has been paid for them. At such price silver is as good property as gold itself, and the Government need not be afraid to hold a large amount of it, any more than to hold a large amount of any other good property at a fair cost. In fact, the more silver is got and held until net reserves become equalized, the better. When silver is paid out as coin, at an advance, say of 25 per cent. (being 80 in gold), the Government gets value for it, and can well afford to redeem it at all it has received for it, and is bound by every honorable consideration to do so, for not to do so would be of the nature of repudiation.

If by reason of new discoveries of gold the present tide is changed, and silver once more reaches or goes higher than par—as has been the case more than once before—our silver will buy a proportionate increase of gold, and thus the Government will have neither made nor lost by holding equal stores of each. This should be the case, for speculation on their rise and fall is not the legitimate province of any nation. The principles of cometallism are already protecting our national finances to some extent, and it would now perhaps be well to consider the feasibility of extending their practical application to all departments of finance.

XVI.

THE COMETALLIC PRINCIPLE ALREADY APPLICABLE TO PRIVATE TRANSACTIONS.

Two parties could use this principle in making a contract, without waiting for further legislation. For example, if one wished to borrow $2,000, payable in five years, it could be agreed that $1,000 should be paid in gold, and $1,000 in silver, at maturity. In this way the lender would be saved from the apprehension that otherwise he might be obliged to take all in the kind of money which would be the cheaper when the obligation became due, and would know that he would be entitled to collect at least $1,000 in the metal which had maintained or increased its value; on the other hand, the borrower would avoid the risk of having to pay all in a kind of money that had in the intervening time become more difficult to procure, and more valuable, and would know that he would have the right to pay not less than one-half of his debt in the more abundant and cheaper metal.

It would not be necessary that the money transferred at the time of a transaction be cometallic; it may be all gold or all silver, or all paper money—anything that is current, and satisfies the parties to the trade when first made, but it is to the equal interest both of debtor and creditor, to know what kind of money the obligation will require when due 5, 10, 20, or any other number of years ahead, and also that

the funds to be paid at maturity will have the same value, as nearly as human wisdom can provide, as those passed at the date of the contract. In no other way can these purposes be accomplished with so much certainty, as by agreeing at the beginning, that the dollar to be used at maturity shall consist say of $12\frac{9}{10}$ grains of gold and $206\frac{1}{4}$ grains of silver—such certainty would be a great point gained. All settlements of accounts between merchants and others may be cometallized. Any public or private bank could discount and receive payment of notes, one-half in gold and one-half in silver, or do any other portions of its business on the principles of cometallism, and thus pave the way for its gradual and general adoption.

Immense quantities of railroad bonds have been made payable—coupons and bonds—exclusively in gold. Any borrowing States or corporations can at any time hereafter issue bonds, which, with their accompanying coupons, will be payable in gold and silver jointly. The cometallic principle is already applicable to all financial transactions not requiring special or further legislation.

The means already exist for the practice of cometallism in the use of paper money. One gold coin certificate and one silver coin certificate for $50 each, may be used jointly for the payment of $100. A new kind of certificate may be issued, in which the two would be reduced to one piece of paper for $100, payable one-half in gold and one-half in silver, and thus would be evolved a perfect fusion or blending of the value of gold and silver in paper money. When the relations of the coins and coin certificates to each other are considered, it would almost seem as if the present situa-

tion had been brought about purposely—not to say providentially—in order to provide an easy transition from existing practices, to proposed new methods.

A suitable form for a cometallic coin certificate is herewith presented, in order to convey the idea involved still more clearly than may have already been done:

This Certifies that

TEN DOLLARS

in coin have been deposited in the

Treasury of the United States,

Which sum is payable in

GOLD AND SILVER COIN

in an equal amount of each, on demand, on presentation hereof at the office of the U. S. Treasurer at Washington, D. C.

Washington, ______ 18

(SIGNATURE.) (SIGNATURE.)

FORM OF PROPOSED COMETALLIC COIN CERTIFICATE.—FACE.

FORM OF PROPOSED COMETALLIC COIN CERTIFICATE.—BACK.

XVII.

INTERNATIONAL CURRENCY.

The distribution of gold and silver is world-wide, and all nations are more or less accustomed to look upon them both as money, and all need them both for money. The principles of cometallism would accord with these general conditions, and would harmonize the varied ideas of the nations, and for these reasons, they would constitute the only feasible basis for a world-wide *international currency*, the easy redemption of which would be almost automatically provided for. Although each country would probably have its own store of the precious metals sufficient for all needed local cometallic redemption, this would not be of vital importance in these days of telegraphs and railroads, provided the issues were chiefly confined, as they naturally would be, to the great and responsible civilized nations, and were regulated by international agreement. With such a currency—made uniform and circulating all over the world—the actual use, circulation and transportation of metallic money would be much less than now, and would be reduced to a minimum. Such a currency would have a great missionary value, and would be a powerful agency in the destruction of the arts, enginery, and infinite burdens of war, by mutualizing the interests of all nations—it would become a bond of brotherhood that would girdle the whole earth—the Gold King and Silver Queen would sway *one* sceptre over all mankind.

XVIII.

MEASURES TO BE ADOPTED.

In these remarks my effort has been to present principles without elaborate and lengthy illustration, and a chief aim is to suggest and promote the adoption of measures such as the following, that will embody these principles:

First. The authorization and coinage of a new dollar coin in which are mechanically combined one-half standard gold and one-half standard silver, which coin shall be the *norm* or standard of value for all other forms of the lawful money of the United States.

Second. The adoption of a "*Dollar of Account,*" which term shall have reference to the combination of gold and silver exhibited in the cometallic dollar, and which Dollar of Account shall constitute the measure of value for all kinds of property.

Third. The establishment and maintenance of equal amounts of gold and silver in the net reserves.

Fourth. The issue of coin certificates to represent gold and silver held by the Government, such certificates to be subject only to cometallic redemption, whether in cometallic coins, in separate coins, or in stamped bars.

Fifth. Coinage of separate gold and silver bars in large denominations for convenience, and for joint equal use in transactions of unusual magnitude.

As a transition measure, and in order to meet the present

emergency, only a few words of legislation would be needed, No debtor should be required to pay more than one-half of his debt in gold, nor should the creditor be compelled to take more than one-half of his claim in silver. A short amendment to the present law would accomplish this adjustment, would harmonize the uses and functions of the two metals, would pool all issues between contending interests, and would probably bring about a substantial settlement of the whole gold, silver and currency question.

I propose the following amendment to the Act of February 28, 1878:

Be it enacted, &c. That all debts and dues, public and private, except where otherwise expressly stipulated, and except debts contracted before this Act shall take effect, shall be payable, one-half in gold coin and one-half in silver coin, lawful money of the United States.

* This Act shall take effect on and after the first day of July, Anno Domini eighteen hundred and eighty-six.

XIX.

PAPER MONEY.

Regarding the relations of gold and silver in the monetary systems of the world, much has been said, and truly said, about the bulkiness of silver, and its consequent unsuitableness for transportation, and in making large payments. In like manner the unsuitableness of gold coin for making small payments is generally recognized, and we find that nearly all money transactions of considerable amounts —perhaps 95 per cent. among civilized nations—are effected by the use of paper money.

Paper, whether in the form of greenbacks, National Bank notes, coin certificates, bills of exchange, drafts or checks, is the best vehicle for the exchange of values. A paper dollar issued by the United States Treasury, or by one of the National Banks, and guaranteed by the Government, though intrinsically quite worthless, represents the good faith, honor and financial strength of a great nation, and passes current, more popular than gold or silver, because far more convenient. Popular and good as is our American currency, may we not develop a new universal paper dollar, more stable than gold or silver, perfectly convenient, everywhere current, and superior to anything yet developed? Good paper money is what the people want and will have, if we may judge from experience and observation. The people who put money into actual use are the most likely to know what they require.

in order to facilitate business, and their demands constitute a reasonably safe guide, being simply the expression of their actual practical needs as developed in the daily and hourly transactions of business life. Whatever form of money is found convenient for any business, or for any purpose, whether in coin or paper, should be freely furnished of the kind and to any extent demanded.

The people are unwilling to encumber their pockets with much heavy material, which is better kept in cash drawers and other convenient places. Let the vast piles of gold and silver in coin and bullion remain and continue to accumulate in the Government vaults, and in the vaults of National banks, and let storage receipts be issued for them which will always represent coin money, and command it in due proportions as wanted. I have remarked that the greenback might be regarded as only "an ideal dollar"—though ideal, yet most real, having a solid basis for its value in the $820,000,000 of coin legal tender gold and silver money already existing in the United States, and of which the Government can always command as much as may be required for its redemption.

Gold, silver and greenbacks are all needed, and the respective advocates of each have no occasion to contend with each other, since the functions of each kind of money may be usefully combined, and the true interests of their advocates will be best promoted by united effort. Each one has a share of truth in his claims, but is apt to err in giving too great a controlling force to his own interpretation of it.

My chief desire in this essay is to impart to the mind the idea of union—the fusion or blending—of the values of

gold and silver in paper money, and this is the most important point in my propositions, the cometallic dollar being only one of several ways of embodying the idea.

In the frontispiece are shown the proposed new coins, and I wish by this exhibit to impart, through the eye, the same principal idea—*the blending of the values of gold and silver in one unit of value.*

If such blending of values may be accomplished, it will best effect the union—the fusion or blending—of the respective interests and ideas of the advocates of gold, silver and greenbacks, and thus bring financial peace into our National household.

The adoption of the principles of cometallism in the redemption of paper money, would result in a solution of the great questions at issue. Monometallism and bimetallism both are hopelessly encumbered with great and confessed difficulties, which can be removed by the new cometallism, the advantages of which should ultimately lead to its universal adoption by civilized nations.

All true principles work out harmoniously in all their parts and ramifications. If cometallism be true in principle, it will exhibit its quality and efficiency in every connection and use.

XX.

DUTY OF THE GOVERNMENT.

It is the duty of the Government to provide a satisfactory currency. In order that it may be satisfactory, it must first work equal justice to all interests; next, it must be safe; and lastly, it must be convenient. No currency can be good that does not combine these qualities. The equal combined use of both precious metals will distribute impartial justice to the producers and owners of both; the supply of both metals will double the basis of redemption, and thus enhance safety; the two metals will make up for each others deficiencies, and thus promote convenience. The advocate of gold and the advocate of silver should not, either of them, ask for too much; let them be just to each other, and both may safely abide the results. When cometallism shall have prevailed for a time, these powerful contestants may find that, even from a selfish point of view, their interests can best be promoted by mutual concession. All minor considerations should give way to the great interests of the people; for thus only can private as well as public welfare be best conserved.

Pittsburgh, Penna., November, 1885.


UNITED STATES OF AMERICA
1886
TWENTY FIVE
CENTS
E · PLURIBUS · UNUM
1886
UNITED STATES OF AMERICA
HALF DOL.
E · PLURIBUS · UNUM
1886
UNITED STATES OF AMERICA
ONE DOLLAR

BIMETALLISM

AND THE

ROYAL COMMISSION.

STARK.

BIMETALLISM

AND

THE ROYAL COMMISSION,

"APPOINTED TO INQUIRE INTO THE

RECENT CHANGES IN THE RELATIVE VALUES OF THE PRECIOUS METALS;"

BEING A

CRITICISM, AN EXPOSITION,

AND AN

Argument.

BY E. D. STARK.

CLEVELAND, O.:
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Preface.

Her British Majesty in 1886 appointed a commission of twelve eminent financiers, to inquire into the causes of the recent changes in the "relative values of Gold and Silver;" with especial reference to the embarrassments thence accruing to the Indian Budget, but including also the wider commercial and industrial effects of those changes; and then to make such recommendations to Parliament as they deemed proper. They made their final report last October, making no recommendation as to remedial measures; but did report a mass of information more or less relevant to the question of causes; all of which properly digested makes a strong case against the experiment of occidental monometallism. Congress has ordered and made appropriation for the republication of that report in full, for the enlightenment of its own members upon the question of monetary legislation, now exigent.

Having given much study to the subject, I have been moved to analyze that Report and have commented upon it with some freedom. But with becoming modesty here, I submit my argument to the critical judgement of such of my countrymen as will take the pains to understand it.

E. D. Stark.

Cleveland, O., September 2, 1889.

BIMETALLISM

AND

THE ROYAL COMMISSION.

The Question Stated.

A PRECISE and clear Statement of a Problem goes far towards its solution. It would be hard to find a more grievous sin against the dialectical Canon implied in that proposition, than the putting of the question submitted by Her Majesty to this Commission.

To ask an investigation into the causes of the recent "changes in the relative values of gold and silver", is a most sorry and unpromising start-off. It befogs the whole question. Considering that Value is a Relation of two things, and not a property of

one alone, to talk about a change in the "relative values", is to talk about a change of *relative relations* of two things. That puts a strain upon the thinking faculty. The whole matter is obfuscated in the outset. One would as soon tackle the changes in the relativity of the Unrelated, or other metaphysical abstruseness, as the causes of changes in the *relative* market relation of two metals.

No doubt Her Majesty intended to call attention to the changed market relation, or current swapping rate of the two metals. Then why not say so?

If the impatient reader who fancies I convict myself of hypercriticism by the confession that I understand what is intended by the words, will go with me a little deeper, to find the elementary fallacy that is smuggled into the discussion by the words, he will withdraw his imputation.

The words imply that each of the metals has an independent and separate value, ascertainable and statable in something the same way as we find the comparative weight of two heavy bodies, *viz*:—by placing each separately on the scales, observing the weight-units registered, and then comparing the numbers. Then, of course, the measuring unit would

be the Pound Sterling; though why it, rather than the more modest Rupee, should have that office in such an inquiry would be difficult to tell. Why it does have in this Royal Commission work, is the natural consequence of the fundamental error of method I shall try to expose.

In the nature of things there cannot be a Unit of Value, as there can be of Weight, Length, Time, Force, etc., any more than there can be a unit of Fit for a tailor. Like Fit, it is a relation,—a market relation. It is a relation of Market Equivalence. The value of a particular thing is *any other thing that swaps even for it* in the market. This is a definition, accurate, severe and exclusive as any in geometry. It will read backwards with the same cogency of affirmation as forwards,—and that is the test of a perfect definition.

We are accustomed to say of two things having a market equivalence, that they are of the same, or have the same value, which is true enough, but misleads, when understood to mean that they are so, in virtue of each having the same number of units of some subtile inherent quality called Value. The realistic bottom truth in such a case is expressed

by saying that these two things, by being brought into that market relation, by the concurrence of two minds, *are* (for that occasion) *each the value of the other*, and the measuring or value-defining office is reciprocal and plenary. True, some inherent, desirable quality in the things may be the ground of that comparative estimation, but only when all culminates in a market fact, actual or supposititious, is value affirmable. In virtue of such an act or fact only, can the notion of value emerge in thought at all.

If the student of the subject would attain to clear and competent thinking, let him employ the critical device of substituting in the propositions of popular discussion, in the place of the word value, its definition. He will be amazed at the amount of fatuity disclosed in current discourse. Or if he does not like *Market Equivalence*, let him try a definition of his own devising; but by all means adopt some one, and try it, for the method will work him out to clear and sound results.

Just here, I would most earnestly entreat my self-complacent single-standard reader to disabuse himself of the erroneous notion that this paper is simply a bother over the proprieties of expression, born of a dis-

position for verbal and dialectical niceties. If the words and propositions do not truthfully stand for actual facts, forces, and conditions of our daily business transactions, and are not apposite to the economic situation and corrective of grave, practical errors, then indeed are they but idle babble. But they are not that; they are far from merely verbal criticism. They constitute the germinal conceptions of any and all competent thinking on the subject.

But lest my unindulgent reader will not have the patience voluntarily to subject his own thinking, or his own favorite doctrines to the critical test I have recommended, let me do it by application to the statement reported to have been made by Lord Salisbury, on his feet in Parliament. He said:

"The great fall in prices in recent years is not due to any change in the value of gold."

Now make the substitution:

"The great fall in the rate at which goods swap for (gold) money (prices) is not due to any change in the rate at which gold (money) swaps for goods!!"

So long as such utterances pass before the assembled wisdom of England, without being drowned by derisive cheers and cat-calls; so long as the great

British heart is calmed by such a proposition into complacency at the present abnormal swapping relation between money and goods, it is high time for somebody to come forward and puncture its oracular emptiness. It is a piece of magnificent bathos.

The pestilent fallacy lurking in the words criticised, takes on robust proportions and dictatorial airs, in Her Majesty's specifications as to,

> "Whether, the said changes are due,
> (1.) To the depreciation of Silver; or
> (2.) To the appreciation of Gold; or
> (3.) To both these causes."

and dooms the whole quest, so far as a rational treatment of its vast array of facts is concerned, to emptiness and vanity.

See the absurdity to which such a putting commits the inquisitors; and from which none of them except one, (Mr. Barbour), were able to extricate themselves. They proceed to stultify themselves by the astounding proposition, that while it is certain that prices, at a gold valuation all over the world, of commodities generally, have fallen at least 30%, there is yet no evidence that it was "due to" the appreciation in the value of gold; nor, indeed, was there any evidence of any appreciation of gold at all!!

The inquiry as put, is as though it were asked whether the change in the condition of a newly married pair was *due* to his marrying her, or her marrying him, "or to both these causes." Whether the depression of trade is *due to* there being fewer sales, *or* to fewer purchases, or to both; whether this change in the market relation of the two metals was *due to* the fact that, whereas an ounce of gold used to swap for $15\frac{1}{2}$ oz. of silver, it now swaps for 25 oz., OR to the fact that, while an ounce of silver used to buy $\frac{2}{31}$ oz. of gold, it now buys only $\frac{1}{25}$:—OR to both. In fine, whether a situation or market fact stated in one form was "due to" the same fact stated in another form of words.

The equality of the sides of a triangle is not the cause of the equality of its angles nor the converse. We may, indeed, say by way of logical demonstration that the sides are equal *because* the angles are, or the angles are equal *because* the sides are, but our "because" is not a cause, for it expresses a static, not a causal relation. Appreciation of one term of a swap is the same fact as depreciation of the other. These are not two separable facts, but are sempiternally fixed and interdependent relations that can never be separated in thought. It is nonsense raised to a power, to talk of a changed

swapping rate of two things being *caused* by the appreciation of the swapping rate of one *or* the depreciation of the rate of the other, and then set out solemnly in search of which it is. Those two things appreciation and depreciation are correlatives and co-existants and can never exist apart.

At the risk of offending the proprieties of public discussion, and all the while protesting my high respect for the members of this Commission, for their great intelligence and distinguished service in other fields, I nevertheless make bold to affirm, that any one who, admitting a fall of general prices 30% at a gold valuation, yet says there is no evidence that gold has appreciated in value; or who does not see that in so admitting he affirms a 43% appreciation of gold, betrays an intellectual incompetence for the discussion. Nor does the fact that the vast majority of financiers are in that case, daunt me. Though I am fain to crave pardon for a pedagogical and assertative tone, the elementary character of the principle brought in question, the deep and wide spread error in regard to it, the scornful pretentiousness of that error, and the gravity of the practical issues involved are my warrant for such a device of polemic emphasis. I must therefore

repeat, even to weariness, that the value of a money unit is what it will swap for, and it is simply going round in a vicious circle, to define such a unit or its value, in money terms. Computation of the value of silver in terms of Rupees would lead to the same conclusion of absolute stability of silver, which the Commission came to in regard to gold, by computing in terms of English money. It is an unpardonable imbecility in such a quest not to be able to get out of the conventional groove of a mere accountant. This defect is so wide spread and inveterate, that I well appreciate the risk I run by this bold characterization of it. Something more than mere opinion must be my warrant, if I am to be saved from the just scorn of noble minds, for such seeming temerity. I am content to abide the verdict, so I get a patient hearing.

The critical question in a discussion of value or value-change is: Value *in what?* and if the *what* is the same thing, though under another name, as the thing you are valuing, you will be defining a notation merely, or saying a thing is equal to the sum of the parts into which you have divided it. There is absolutely nothing else by reference to which we can

value a unit of money, except commodities, and when we say goods, in general have fallen 30% as to pounds sterling, then to every competent intelligence the same breath affirms a 43% appreciation of the pound.

Man is an appraising animal. Appraisment is the crowning moment of his business activity. He may survey his acres, count his herds and bushels, weigh, number and inventory; but it is all naught, till appraisment is made. When all is translated into a money equivalent, verifiable by the current market rating, he knows for the first time whether his enterprise is a success or a failure, and to what extent. To this test must all business submit. To "make money" is its chief motive. But if the unit of valuation has itself ap depreciated, as shown by a fall in the general range of prices, then the appraisment cheats the enterprise by so much, and will turn what might have been a moderate profit into a loss. Not that a Constant Valuator could save unskillfulness and unthrift from failure, or guaranty stability of price in every particular product. It is normal and beneficent that goods should go up and down in price. Rise and fall constitute the automatism of re-directing and redistributing the productive energy. But with a

valuator constant by reference to the aggregate of products, there will always be an inviting rise in some allied industry for every particular fall. What under a false valuator is a general paralysis, becomes under a true one, merely a healthy process of re-adjustment.

It should be noted that a great and permanent fall in some particular thing may not be an evil at all. The occupations related to steel, petroleum, passenger fares and freight rates generally have prospered contemporaneously with a fall of $\frac{4}{5}$, $\frac{8}{10}$ and $\frac{19}{20}$ respectively. But this is because there has been a much higher ratio of increase in their consumption. Something of benefit will accrue to money by reason of discoveries and inventions. So our demand of stability by reference to the great staples is a moderate one.

Increased productivity and the abundance it brings, is industrial progress and marks an advancing Civilization. It ought to increase proportionally the assessable value of the common wealth. That industrial progress and abundance, from being an unqualified beneficence, as in the order of nature it would be, is by an inequitable valuator turned into a calamity. It gives us so called "plethora of goods" and hard times. To find an equitable, stable valuator we

must go below the temporary and local fashion—must root deep into the subsoil of universal human nature in the valuing habit, and have regard to the automatic quantity relations of the material of money to other productions. No one man or set of men is competent to say how much money there ought to be, or when its increase ought to stop. It is the arrogance of a usurped prerogative for any official to put a limit upon the quantity of primary money. That is the same vice only infinitely more mischievous, because more subtle, as the limitation on coal or wall paper, etc., and has the same sinister animus, though more or less unconsciously so, for it is natural for us to think that which is advantageous to our special vocations is also promotive of the general good. The spontaneous output of the mines is the natural and salutary regulator of the money volume, and so of its value. I do not refer to secondary or representative money. Another law obtains there. Of intrinsic money, overflowing abundance—all that human skill and energy will produce—is beneficent, and in the line of the general well being, the same in kind, only in higher degree, as is abundance of every other product of human endeavor.

The spirit of the Act of 1878 has from the first been violated by the Treasury administration. Its policy has been to treat standard silver coin simply as a subsidiary coinage carried up to a fiat value by limitation, and to affect great solicitude as to getting it in circulation. We do not want it as a subsidiary coinage serving as small change, kept to an artificial gold value by limitation. We want no "value created by legislation", in the obnoxious sense imputed to us by the one-metallists. That, in its most injurious form is now effected by the policy of the mint.

The word Value in the constitution, conferring the power to coin money and "regulate the value thereof" means Algebraic value merely and not commercial. It was never intended that Congress should use its power to foist upon standard coin by legislation, a commercial value beyond what belongs naturally to it. We insist upon rock bottom in the value of money, that our unit of valuation shall not under the specious pretext of "improving the Standard" be put upon the swollen and artificial basis of a single metal, but shall be restored to the level to which gold itself will return when compelled to share equally with silver the privileges of the mint.

There are three distinct offices or modes of use of money.

The First and least evolved is where it is a word serving merely to mark a scale of relative estimation of things bartered. Nothing passes, not even a symbol and the word is empty of meaning. "Macoot" is as good as "Dollar" in that capacity.

The Second, is where money serves purely as a medium of exchange for goods; the exchange not being regarded as completed till the tokens are again passed off for other goods. In this function, anything, a ticket, a paper promise, will do so long as it goes. Where transactions are quickly closed and have little relation to the past or future, a piece of paper, even though counterfeit, may do the work.

The Third is where money is itself, at bottom, a commodity—a tangible, deliverable product, for which other property may be exchanged, for the the purpose of being permanently stored. In virtue of this office, it becomes a mode of investment wherein its understood relations to the past and future are emphasized and it becomes a standard of deferred payment.

In this office its efficiency and equity depend

upon its *stability and constancy of value.* The first and second modes of its use may be cast out of the reckoning in this discussion, for in those lower offices, tho' important, a money fitted for the third will be perfectly adapted. In this Third office it is, that a money may be beneficent in its operation, or may become an instrument of unmeasured wrong and disaster; all the more deadly because disguised. In this Third office, I repeat, constancy of value, linking the past, the present, and the future in one equitable solidarity is the paramount concern. That great word "Dollar" and the thing it stands for, in taking upon itself the duty of valuing all things, should itself stand true and steadfast to that high trust. It should not be seduced from efficiency in that, its chief beneficence, by appreciation. As a form of investment, a mode of storing earnings, the interest it yields when loaned, is its only legitimate profit or income. It has no business to increase in value, as a piece of real estate or other property may properly do; for its fitness as a valuator and Standard of deferred payment is thereby impaired. With that impairment, follows inefficiency in its chief use. It will not function, will not transact. It accumulates in the

centres of trade and grows obese, refusing to take a hand in business. Hoarding, appreciation, low interest, low profits, want of confidence, hard times, are all concomitant phenomena, are phases of a single economic condition, are the common effects of contraction. So are depreciation, large profits, high interest rates, business activity and prosperity, money all out eager to buy, good times—concurrent phenomena and the necessary result of expansion of the money volume.

Increase of the number of depositors in savings banks is commonly pointed to as a proof of improved conditions. I say no. So far as they indicate thrift, the habit of saving and the ability to save, of course it is well. But considering the mode of it, it tells the same sad story of the necessary unproductiveness of capital. To my view, an increasing number of small house-owners, homes well equipped with the appliances of education and culture for the children, and an assurance of steady employment, would tell a better story as an indication of an increasing wealth and the activity of wealth-creating forces. That "the times" are such as to compel a hoarding in savings banks at a low interest on peril of "losing money" is the evil we complain of.

In England, the exigencies of the Indian Budget, and in money centres generally, the conveniences of foreign exchange, (conventionalized to mean simply money changing) have domineered the whole question of Bimetallism. That dominance is as illegitimate from that side, as is the distress cry of the "silver interest" from our own camp. These are but partial phases of the great subject, important indeed to the interest immediately implicated, but contemptible when thrust into the fore-front of a question involving all the high moral and industrial interests of society. The "price of silver" is a petty matter, and the difficulties of collecting a few hundred millions sterling by creditor and administrative England, out of a fixed Rupee income, make a great outcry, but is of no consequence to anybody in this country, and to few of the common people in Europe. Whether "exchange" is kept within 1% of variation by a fixed par of \$4.86, or runs up to \$5, \$6 or \$10 to the Pound seems to money-mongers of commanding importance. They no doubt really believe that such unstable relation would imply some fiction, falsity, and insecurity in our money. But the high interests of society are more implicated with the equity of time contracts, with the just distribution

of our rapidly increasing wealth among the agencies creative of it, and with the general industrial health and content. It is a thousand times more important that there should be an approximately constant "par of exchange" between our money on the one hand and goods on the other, than that $4.86 should be a Pound.

There is no occasion to change our legal rating to conform to the present constrained and artificial ratio. After both metals shall have been freely coined for a few years we shall know more about their normal relation. There is no occasion to consider the expediency of lessening the weight of our gold coins at present to conform to the European 15½. When there is a demand for inter-national action it will be time enough for that.

The movement rife in the sixties, toward international symmetry and unity in weights and measures and a decimal notation, out of which this one-metallism sprung, was rational, and aimed at a desirable end. But its reasons and theories were wide of the mark in relation to money. A metre, litre, gramme, etc., will not shrink and swell by the varying estimation and urgency of need in the user. They are fixed units in their respective categories—fixed, I mean, and un-

varying in the measuring office. But the quantum of value that a money unit, being a unit of a money metal, will take on, depends upon a thousand and one changes in the varying situation of the user. Every time a transaction is made involving the measuring office of money, so much metal must be delivered over for the goods—the voluntary parting with and delivery of it constituting the measuring process. If delivery is by symbol or representative devices then still must the metal be there, ready to verify the symbol, or it is convicted of fraud. So while a single yard stick will measure with uniformity, (whatever may be the scramble for it for use,) or may upon the instant be indefinitely multiplied, a single dollar would be a wild valuator. The number of money units obtainable is a controlling factor in determining the quantum of value a unit measures, and constancy as a valuator over-rides every other consideration. It sinks international symmetry, or even sameness of material into insignificance.

These words, Constancy, Stability, Uniformity and Proximate Fixity, in the value of money, are the same economic fact as stability of prices; for if money maintains a constant swapping rate to goods, it goes

without saying that goods are constant to it. Price is a ratio of two terms, and when a ratio changes, it changes with relation to both terms alike, only in the opposite direction. Men who will quite agree, (because it is a commonplace of economic doctrine) that stability in the value of money is of chief moment in its behavior, are often all at sea when called upon to tell just what that means, other than fixity of weight in standard coins, and will stare at you when you tell them that our money as at present constituted, stands impeached in that regard, by the fact of a long-continued period of low prices. It is low prices, and the probability of still lower prices that gives importance to this whole question. It is the difference between Hard Times and Good Times. And whether or not people can understand the nature of value and the law of value-change, they do know and appreciate that difference. Guarantee a period of improving prices on up toward those of 1873, and a reasonable probability of stability after that, and not a willing hand will be idle, nor a pretext for privation in all the land.

Unlimited coinage is the one measure competent to that end. Coinage up to the maximum now allowed

by law will be a long step in that direction. It is against the general good to improve prices of some particular product by arbitrary restriction of out-put, and it would be calamitous to raise them by a general restriction, if, indeed, such a thing were practicable, as it is not. We want good prices in the midst of an abundant harvest and busy mills and shops. That can come only by an abundance of money. It is the money factor in the ratio of money to goods, over which government assumes control. A pretty muddle they have made of it too, by cutting loose from the steadying effect of silver which is so firmly fixed in the valuing office, that its occidental outlawry has not phased its steadfastness. It still stands true in the prime and paramount office of good money, viz: in stable market relation to products. An ounce of it will buy as much as it would in 1873 or any time in the past century. Its changed relation to gold must continue to be stigmatized as a "Fall of Silver" to serve the purpose of the monometallic imposture. A truer diagnosis of the situation for Statemanship in monetary legislation would be the "Rise of Gold," for surely in such a contention goods is the rightful umpire. But Mono-metallism could not stand except

by abuse of language and obscuration of economic law at the arrogant dictation of the "Pun ' Sterling."

There is no grounds of hope for help in this business from England. The key to the English view is found on Page 90, Part II,—Final Report,—Sec. 128, of the Royal Commission. That section reads as follows:

"It must be remembered too, that this country is largely a creditor country of debts payable in gold, and any change which entails a rise in the price of commodities generally; that is to say, a diminution of the purchasing power of gold would be to our disadvantage."

When Creditor England takes precedence of Industrial England in the solicitude of her statesman, the end is not far off. Note carefully that the solicitude expressed does not involve any possible repudiation or failure of exact and full discharge of contract obligations. Not that—it has reference simply to a policy which will increase the Commodity Equivalence of the Pound, as against one that will check that increase and probably turn it into a decrease. These men do not see how that vaulting selfishness is one

* * * which o'erleaps its sad'l
And falls on the other side——

There are financiers and—financiers. Surviving from ruder conditions, there is a greed that accounts other people's misfortunes and times of general distress as most opportune for shrewd money makers. So they are, in a way. But there is a better way. A financiering that inaugurates great beneficences and amasses a fortune by fostering wealth-producing agencies and helps everybody, is pleasanter to contemplate than one which occupies itself in manufacturing "corners," limiting production, and that can't feel quite sure it has advantaged itself, unless it can see clearly that somebody else has lost. The instinct of England's business men is sounder and more alert. It will carry her active investable capital elsewhere, and she will be left with her pride, respectabilities, traditions and titles—which are indeed no small outfit, and will no doubt stand her in good stead for many generations to come. But God pity her wage earners, unless the overflow of beneficence of our better monetary policy shall bring them relief.

The Pound by statutory definition now these three-quarters of a century, has been a gold coin only, and any change of definition will be sure to meet

the charge of legislative immorality. It is wicked, you know, to change a fixed money definition,—*i. e.* it is wicked, if it has the economic effect to lessen its value! But the financial conscience was not hurt by the Act of 1816, nor by Germany's change, plump from one metal to the other. Wall Street was not shocked by the attempted,—but thank God, not quite accomplished, change of definition in 1873 from the 412½ *gr.* unit. Therefore with us the coast is quite clear. We need make no change in definition, no assault on the dictionary or the decimal notation for whatever a Dollar is, it must be 100 cents.

Will not some one from the gold camp tell us what will be the effect upon prices if we have unlimited coinage? Of course the silver dollar will then have the same value as, will be interchangeable with, 412½ *grs.* silver. But what effect will it have upon the price of iron, cotton, meat, *etc.*? Will some intelligent silver-phobiist enlighten us on that all important subject? Please do not regale us with that quintessent assininity of the ante-inaugural letter of our late President, predicting that this continued coinage of silver would drive gold to a premium and so out of circulation, make money

scarce, cause panic prices, and yet our money would be too cheap by 25%!! The notion of prices being lowered panicward by a threatened inundation of cheap legal-tender money is a novelty in economic doctrine deserving a patent. Still, if we may assume their sincerity, that doctrine was level with the Wall street intelligence. No, not those utter incompatabilities prophesied by Mr. Cleveland, but some plausible reason why free coinage would not restore the prices of 1873. Any one who should affirm that it would not go far in that direction, would prove himself wanting in economic intelligence.

The assumption that units of gold, labeled with a money name and so made a "standard of value", (whatever that may mean), becomes thereby no longer amenable to the law of value-change is a most mischievous error. There is but one law of value-change, and that binds every economic quantity alike. The value of a thing, described by whatever name, is the estimate put on it by trading men, as expressed by and in the other term in the trade, and relative scarcity and plenty of money has the same effect on *it*, as it does on every other transferable object of desire. To a properly equipped

intelligence, the simple fact that for a succession of years, alike in seasons of plenteous and lean harvests, the great staples have ruled low in price proves a scarcity of money. When it takes five pecks of wheat to buy a dollar, then, surely is there a scarcity of dollars in relation to wheat; and if the same depression obtains in goods generally, then is there a general scarcity of money proven. Credit and other familiar devices may cushion the impact of a local or temporary scarcity, but once it becomes general and protracted the law will not be balked of its effect.

By the fall in prices the taxable value of all property is lessened; energy, skill and activity in production is discouraged, and who is benefited by it? Nobody; —unless the selfish reflection of the monied man that he is not so badly off as the enterpriser, is a benefit. True, his money units will each stand for more goods and he may fancy himself richer, but he cannot harvest his gains if prices still rule low and lower. Every industry and useful occupation suffers. The income from loanable funds is cut down with the decay of profits of business. Our Savings Banks pay 4 *per cent.* With improved prices and business

activity it would resume its old time rate of 6 per cent. Take out $2\frac{1}{2}$ *per cent.* fixed charges for taxes (honestly assessed) and the net income would be doubled.

One man is cheerful and an optimist under falling prices. He is not many in the census enumeration and does not count for much in the world's work, though his name is, not unfrequently, conspicuous on subscriptions for charity. But he is high toned, and that makes him weighty and numerous. He is the man of fixed money income, fixed by reference to, and at a time of high prices or cheap money. He is content it should so remain and he be relieved from any reinvestment. With him high commercial honor, high standard of money and increasing value of money, are synonomous terms. The centers of capital adopt his high tone and his ethics. It gets into the lobbies and dominates monetary legislation, and is "played" upon an honest people, because the man himself more than half believes his to be the true view. The Professor adopts it by instinct for he is a man of a fixed salary. Then the "Able Editor" elaborates it by sarcasm at the poor crank who would "make business lively and everybody

rich by flooding the country with cheap money." But seriously why should not money be cheap, as cheap as 412½ *grs.* of silver, say, or three pecks of wheat instead of five. Not a producer nor a man in any vocation closely related to production, but would say it were a consummation devoutedly to be wished could there be a rise in prices all along the line, without any natural or artificial diminution of production. But there is a vague feeling, born in part of a sad paper inflation experience, that makes them distrust "cheap money" as having some how concealed in it a fiction or deception, which will surely have its day of reckoning and retribution. Such feelings come up from the depths of our moral consciousness and are worthy of all respect. It is, however, a mistaken one in this application. Silver money is a world's money—international money—which will always go at its commodity or bullion value to pay international balances and go to stay, from the country which has more than its proportion. It is a commodity money, not a promise or token money amenable to governmental caprice as to its volume. The cheapness is in no sense a lessening of the weight or intrinsic quality of our long established

legal standard and definition. The word "cheap" often has a flavor of disparagement as to intrinsic excellence. All of that implication should be taken out of the word, when, as here, it refers purely to what accrues to the thing by reason of its plentifulness.

Let any one who fears some wide departure in the market relation of silver money to goods, reflect a moment upon the spontaneous character of the forces determinant of its quantity-relation to products generally. The economic man seeks the occupation that is most renumerative to himself. When, many centuries hence, if ever, the "Silver Sink" of the Orient is full, and when it is still so plenty here as that $412\frac{1}{2}$ *grs.* of it will buy only 20 lbs. of wheat or less, *i. e.* wheat $3 and upward, then will there be but little temptation for the boys to leave the farm for the mines. Automatic adjustment constitutes the economic harmonies which are at one with the divine order every where. It is at the bottom of the entire theory of a Commodity money. If under any pretext, that automatism is to be repudiated, then by all odds it were better to adopt an intelligently regulated fiat money system.

No doubt there will be a great increase of production of both metals in the near future. All the indications point that way; but careful students believe the increasing demand for money in the rapid opening to civilization of great populations will take it all in, at a value fully up to that of 1873.

If by free coinage, money is cheapened 30 % then the assessable value of property will be raised correspondingly, will it not? If the effect stops there who is hurt by it? Is it not plain that such a change would be accordant with the everlasting equities, if that excess of value accrued to "*Dollar*" in consequence of the surreptitious Act. of 1873. But everybody knows it would not stop there in its economic effect. It would put every wealth-creating energy to its utmost tension, and so would increase the quantity of assessable things as well as put a higher appraisment on those we have. This will be quite different from a "merely nominal" increase of wealth. Though why a valuation by a unit of silver, standing true as it does, and constant as it was in 1873 as a valuator, should be any more "merely nominal" than an appraisment by gold, it would be difficult to tell. I would respectfully ask this eloquent declaimer against

legislation tending to decrease the value of money—How about legislation to increase it, and the destruction by act of Congress of a part of the assessable value of all existing property in 1873? And the industrial stagnation that followed—has that any ethical character? Civilization has paid dearly for the imposture of a "High Standard," at the arrogant dictation of the "British Pun.'"

All this argument is no disparagment of gold as a money metal. Our claim is, we want a legal constitution of money that builds upon the automatic adjustment of an immemorial past, and gives guaranty of normal relation to goods for generations to come. That adjustment has always proceeded on a valuator constituted on silver with gold as a subordinate ally—an invaluable aid. We want the guaranty of stability, which long ages of uses with great nations will give, not one that depends upon the manipulatory devices of great financiers. We want a money constitution that will vindicate its excellence by uniformity of value over long periods of time, as gold, even in conjunction with silver, has not. Not that an absolute level through the centuries is possible, but one that binds the past, present, and future to an approximate constancy of

prices. This is the demand of science, of conscience and of statesmanship, lifted out of the clash of contending interests and the bias of classes. This is "Good Money," a just "Measure." This is honest equivalence. It is an altogether secondary matter how gold and silver may rate in the market to each other. No doubt the one under our legal rating, that shall have the least purchasing power in the world's market will be the practical Dollar, the Dollar of account; as it will certainly be the most equitable, and its free use will surely bring the other down towards the ratio of 1:16. Our wheat and other exports will exchange in Europe for as much silk, cutlery or what-not under a silver valuation as under a gold one. A prudent man will not dogmatize as to quantities where the factors are so involved and multifarious as here, but he may assert the direction of tendency. Still I share with many competent students, the opinion that unlimited coinage here will restore the ratio of 16. But taking the extremest view of the monometallic alarmist *viz.*: a continued ratio of 1:20 or 25, it is plain that the business of the country will be on a more solid basis on silver than on gold. The Royal Commission has abundantly shown this. (See Barbour's Note 22).

They affirm what was well known before and all the testimony concurred in the opinion that Indian prices are normal to the past. If a premium on Gold accrues, then will European prices be so much lower than ours. And so, without the intervention of custom houses, we shall be upon a higher range of prices, with this additional advantage, that it will be uniform in its operation on all products. That will be a better mode of raising prices than strikes, lock-outs, and combines to limit production. Such experiments are but the blind and ineffectual attempts to redress an oppressive situation not understood.

The Commission have deemed it important to find how much of the "change is due to causes affecting Silver alone," how much to "causes affecting Gold alone" and the same of goods. Of course they find great improvements in the arts and appliances of production, but fail to see how that fact tends necessarily to appreciate the value of money *i. e.* increase its purchasing power. (Do not forget that the value of money *is* its purchasing power.) They are charged also to find how much of the (found or assumed) depreciation of silver is "due to increase of supply and how much to diminution of demand," and the same as to the

appreciation of gold, if they find any appreciation. Such a quest leads nowhere by their methods. It has no bottom, begins and ends in the boundless void. The same fundamental vice runs through the entire report, viz.: a failure to apprehend the purely relational character of supply, of demand, and their necessary joint and co-operant action in every value-change. This failure is but a phase of their elementary error in economic statics, i. e. the Nature of Value.

Let me illustrate the futility of any attempt at studying the several moments of value-change apart from their constituting relations. A. has a dollar, but would have a bushel of wheat. B. has a bushel of wheat, but prefers a dollar. Their desires come to fruition in a trade. Now a trade is the central subject matter of economic science. Trade furnishes the material for its analyses and theories. Without trade there can be no value-phenomena at all. In the case supposed, science says that the dollar (carrying of course, with it, by implication, the subjective or desire element) constitutes the money supply and the wheat demand. The bushel is the wheat supply and the money demand, each term in the trade is, therefore, reciprocally a supply and a demand in relation

to the other term, in the same sense as every ordinary mercantile transaction is both a sale and a purchase according as it is regarded from one side or the other, and is yet one insoluble transaction. Only a little reflection on the interdependent and reciprocal character of these forces will be required in order to show the impossibility of confining a study of this sort to "causes affecting gold alone" and causes affecting wheat alone—for the effect we are in search of, is effect upon value, and value is always extrinsic, being the other term in the trade.

A sociologist would make but little headway in his study of the psychology of marriage, by confining his attention to the "causes affecting the lad alone" and to "causes affecting the lass alone", for they are each to the other the essential and operative cause, marriageward.

Considered as a question between the two metals alone, and out of relation to all other economic quantities, *i. e.* considering the change in their market relation simply, a competent intelligence would say at once, that if a former market equivalence of 15½:1 had now become one of 31:1, the extraction of moonshine from cucumbers would be a respectable and renum-

erative industry as compared to a solemn endeavor to find whether it was a depreciation of one or an appreciation of the other, and in what proportion to distribute it, if it is both. Then having solemnly settled that question of statics, to launch into the realm of Causes on that line, to set out to properly distribute the portion "due to each," would be like locating the aforesaid moonshine industry in the fourth dimension of space. Any schoolboy ought to tell them that the change supposed *is a doubled* value *of one and* a halved value of the other; and the question as to the causes of such a change must have in it, and following the "due to"—more apt words than depreciation and appreciation—if the inquirer would be saved from the charge of imbecility. To make any valuable progress in that general search we must have some third economic quantity to serve as a "standard" for that special occasion. It was hardly to be expected that Her Majesty would take any other than a purely insular view of it, and consequently the British Pound, which is simply a unit of gold, became the standard for the Commission.

Well, what should have been the umpire in determing which of the two metals had been misbehaving to cause the change? Why, clearly, some other product.

Or, considering that they are both money metals and in that—their chief use—they stand over against *all* other purchasable things—unless some one fairly representative product can be found, then a composite commodity unit must be got. Such units are the basis of the so-called "Index numbers" of market statisticians, and they are many and variously constituted; any of them are sufficiently accurate for the general purpose. So far as my own reading goes, I do not hesitate to give precedence to that devised by W. M. Grosvenor, diagramatized in the Congressional Record for April 15, 1886. The use of such an index number or composite commodity unit is to get the changes in the market relation of money to goods, not to each one in particular, but to them in the aggregate. They all tell substantially the same story, viz.: a fall of about 30% of aggregate prices, *i. e.* an appreciation of about 43% of gold money, whereas the market relation of goods to silver has not materially changed. Wherefore the finding of the Commission but for the Blind, Bullish, Bigotry of the British Pound would have been that monometallic money is responsible for the "fall of silver" and the low prices.

The amount of labor required to produce a unit

of commodities, at some previous period, as compared to what the same labor will produce now is a vicious criterion of amount of value-change in money or anything else; because a stupid, slavish, unskilled labor unit, unaided by machinery, has no definable quantity-comparison for any purpose of Economics, with a labor unit of an intelligent, free, skilled operative, equipped with modern economizing appliances. Any serviceable comparison must be between the now and the then of the same thing. Not a unit of skill, of strain, of privation, endurance or of service,—if such units could be defined in respect of, or on the basis of time, intensity or dignity,–but a unit of definite products whose quality has undergone no material change, must constitute the subject matter of such a comparison. The Metals, Lumber, Meat, the Cereals, Fabric-Staples, *etc.*, are alone competent to speak here.

The investigation into the Causes of Value-change is a fool's errand, where the student is ignorant of Economic Statics and elementary definitions. If he supposes that changes in a something (value) which is essentially a Ratio, can be profitably studied as to the causes of it by confining the attention to one factor

alone, and proceeds upon the incompetent assumption that the ratio of one factor may go kiting all the way from the nadir to the zenith, while the ratio of the other factor remains unmoved, he will very likely come to the same conclusion as the Commission has, at § 99 Part II.

"We may summarize our conclusions upon this part of the case as follows: We think that the fall in prices of commodities may be in part due to an appreciation of gold, but to what extent this has affected prices we think it impossible to determine with any approach to accuracy.

"May be in part due!" "Impossible to determine" indeed! Well, we should think so! Upon the question as to whether the upright distance between the eaves and sidewalk is *due to* the sidewalk being so much below the eaves, or the eaves so much above the sidewalk, we think "it may be in part due to the" eaves being above the sidewalk, but to what extent, *etc*—It puts a great strain upon one's courtesy to refrain from characterizing such twaddle as it deserves.

A very pertinent line of inquiry would have been this:—having found a great increase in the quantity of goods, which is one (objective) factor of the rate which price is, to see whether the causes of that increase were of a transient or permanent character and were likely to

continue. Having found as they must the affirmative of that point, to-wit, that the goods-factor both on its objective, or quantity, side and on its subjective, or need-and-desire side, are permanently increasing, the increase had come to stay, as constant conditions, over which government had no control, there would be nothing more to be said about them and they could give their undivided attention to the money factor. As to that factor, they must quickly have found that the need and desire for money was increasing, but that upon a single metal, money had fallen out of normal and beneficent relation to goods generally as well as to silver. Its swapping rate with goods has been enhanced about 43 % and as the lessening of goods could not be thought of as either desirable or practicable, only one thing remained, that was to increase the money volume. But so trammelled up were they with the preconception that the Pound is an infallible guide, or that if it erred, it would be all on the creditor's side, that they could not find anything to do or recommend to relieve the situation.

Admitting as I gladly, nay, proudly, do, all that can be claimed for lessened cost of production, I still insist that that is no justification of the increase

of the purchasing power of money. Not one jot of that increase belongs to "*Dollar.*" Enough, if it will buy as much of useful things as it did before these inventions. All the increased efficiency they have given belongs, not to money, but to the labor and enterprise giving the increase. A money that absorbs into its maw, if not all, then a large part of that increase is the guilty cause of the inequitable distribution of our rapidly increasing wealth.

The industrial strain is not properly a contest between the rich and the poor, the debtor and creditor, the laborer and the capitalist, or either of them and the enterpriser, nor employer and employee. It only seems so, and may take that form just as a diseased condition of the body will break out at an old hurt or accidental scratch or strain. It is a contest between one form of investment and another form: rather it is a mal-adjustment, a dislocation of proper relation of money to goods. It is a difficulty caused by the legal impartation to money, of something that disqualifies it for its supreme function of valuator, and makes it the most advantageous mode of investment, imparting to it the power of increase different from the legitimate one of interest-drawing; so that it

seems to increase in idleness at the expense of every other form of property. Not the enhanced burden of debt, public and private,—though that is fair ground of complaint, but not that chiefly. It is because an appreciating money is a plethoric, a sluggish money, refusing to function in the beneficent use of equitable transfer and re-transfer of goods, but instead accummulating in the centers of trade, condemned to a low interest, because to buy is to "lose money." This appreciation is not in fact a positive gain to the moneyed man himself, for he is only saving himself from loss, if there is to be no turning point, so he can realize his seeming gains by buying. The legal constitution of money is responsible, not he who does the best he can to save himself from loss.

Bonds drawing only 4%, commanding 25% premium, tells the same melancholy tale of the unprofitableness of capital in productive enterprises. In a rapidly expanding country like ours, under healthy monetary conditions 8% would not be a high interest. Under such conditions holders would gladly surrender their bonds at their face value.

By this time it will have become apparent to the attentive reader that, as stated in the outset, a mis-

apprehension of the nature of value, perpetuated by crude and unclear language bars the way to the solution. Failure there makes all discussion of the causes of value-change profitless. This incompetence will be more apparent by the character of the current objections to free coinage.

A foremost and much-speaking publicist has gone to great pains to show that cotton, tea, wheat, etc., are produced and marketed more cheaply than formerly and that that is the reason why prices have fallen, and therefore appreciation of money is not the *cause* of it. No intelligent person could perpetrate the folly of claiming that appreciation has *caused* it. All any one from this side ever pretended is that from your own showing money *has* greatly appreciated, and by reason of that fact, the experiment of mono-metallism has proved a dismal failure. We claim also that the guilty *cause* of this great fall of prices is, in a perfectly proper and legitimate sense of the word, *cause*, as giving the conditions that made it possible—the Act of 1873. But for that Act our money could not have broken loose from silver. If your tailor assures you that your discomfort is not caused by any change in the fit of your coat, but is owing to the fit of your body

having changed, and should launch into an anatomical and dietary disquisition to prove it, all as a justification of his refusal to make any change in the coat, he would parallel the wisdom of this publicist. But with your tailor you would probably with some impatience and sarcasm, tell him he had better extract the "fit" out of the coat, and lay it away as a fixed unit of fit measurement, and test all coats by it in respect to their fitness, and giving him further "particular fits" for his crotchety fittiness, go to some other tailor who had notions adapted to the situation, and get such changes made in your coat as would make it suitable for its office.

Another suggests that if appreciation of money (we must help him out, for maybe he means insufficiency of money) had caused the fall of prices, then would there be an exactly parallel fall in all commodities alike; whereas a few special products have actually risen in price:—as though there must of necessity be an unchanging market relation among the different products under an appreciating, any more than a non-appreciating money. By his mode of argument one could impeach the doctor's attribution of a prevailing low health in a certain district to—perhaps—a malarial

atmosphere, by instancing the fact that a baby recovering from the measles had actually grown more robustious than ever.

Another has ciphered out the cause of the fall of silver to the fact that at the height of productivity of the Comstock lode it cost only 15 *cts.* to raise an *oz.* of it. As I understand it, there was lifted with every dollars' worth of silver about a dollars' worth of gold, then that ought to have lowered gold, too, ought it not? I wonder how much it cost to raise that thousand-dollar gold nugget found at Downeysville?

I must not forget Wall Street's ubiquitious and ever-present Widow. Her Bank Deposit—not much—but her little all, the result of her self-denying thrift and industry,–it would be cruel to cheapen her dollars. Well, the bimetallic heart is not unmindful of her case, and takes the liberty of whispering this in her ear: Your banker is no doubt entirely trustworthy. His advice to you any time these last fifteen years, that your little estate was better in money drawing a low 4% than in any other form practicable for you, is as wise and prudent as it is unquestionably sincere. It is very true that the policy we urge will cheapen your dollars. They will not go so far in the real estate, dry

goods or grocery market, *i. e.* all prices will rise. We admit that. We affirm that. We champion it and parade it as a universal beneficence. Your dollars are now "appreciated," are worth more by, say 40%, than they were in 1873, and than they will be under free coinage. But how are you going to realize upon that appreciation? Is it not a delusive gain? You can never harvest that increase but by *buying*, and not by buying, except as prices rise after you have converted your money into property. So with a prospect of a bimetallic rise of prices, you have a chance to realize the "make" of that corner. But your Banker, interpreting your own feeling, may tell you with your inexperience in managing property and with the decrepitude of age coming on, money in bank on interest is better for you. We say amen. But in this country your money ought to yield you at least 6%, and will easily do so when rising prices stimulate business; and your increased income will go farther then than your present one does now. Besides you will have the very noble, if not entirely "businesslike" satisfaction of seeing your neighbor's acres, homestead, shop and mill rise, say 25%, in solid realized value, and every product of his toil be in brisk demand at correspondingly in-

creased prices. In reply to all of which the poor monometallic financier will shake his puzzled head and express a sage doubt about there being any improvement of prices at all, though he is very sure dollars will be much cheaper. The poor, economic imbecility! And his name is Legion!!

Another says that the volume of metallic money has little or nothing to do in regulating prices, for paper and other credit devices do about all the work. Of course that is insincerity pure and simple, for he is the same fellow who shouted himself hoarse in portraying the financial calamities sure to come when gold should begin to go abroad, as he predicted between winks that it soon would. These are fair specimens of their arguments,—fair specimens did I say? they are the most conspicuous and oft-repeated ones. They are all characterized by speciousness, insincerity and imbecility, combined in varying proportions, and I must not waste valuable time by further reference to them.

There is nothing left then for discussion but the mode of coming to it, so as to avoid scare or shock to the alarmists. Well, Mr. Warner's scheme of buy-

ing all the silver offered at market price, paying for it in certificates, till the market ratio of 16 is reached, then free coinage on private account to both metals alike will do it. This scheme has the merit of giving the treasury the benefit of the temporary difference, and it will prevent those wicked "Silver Kings" from making anything on the rise of silver.

That crowning economic blunder of the ages, by depressing prices, destroys the equities of contracts, cripples the machinery of distribution, provokes strife between capital and labor and wasteful and blind methods of redress, discourages enterprise, lessens profits of capital, enforces idleness and privation in the midst of plenty, and is hostile to all wealth-producing activity.

I am not painting a picture. I am expounding a law and pointing a tendency. I am no croaker. I believe this the best age industrially the world ever saw. The very poorest have a vastly better chance of life than the corresponding classes had 100 or even 50 years ago. It is not true that the rich are growing richer and the poor poorer, only in the same sense as the difference between the educated and the un-

educated is also growing wider. Differentiation on all conceivable lines is of the essence of Civilization. It is incident to all progress that the forward movement should be at unequal rates in different parts of the moving mass. Nor do I bate one jot of heart and hope of our country's destined primacy in commerce, wealth, arts and all the conditions of greatness and social well-being. The exhaustless resources of our soil and mines, our courage and aptitude to new situations and conditions, all conspire to give us an unparalleled increase of the common wealth. It only remains to repair the wrong of 1873, and so to restore to health and equity all our industrial relations.

THE CURRENCY QUESTION.

In the Supreme Court

OF THE STATE OF CALIFORNIA.

JAMES LICK,
APPELLANT,
VS.
WILLIAM FAULKNER, ET AL.
RESPONDENTS.

ARGUMENT FOR APPELLANT,

BY

H. H. HAIGHT.
of Counsel.

B. F. Sterett, Printer, 533 Clay St.

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ARGUMENT FOR APPELLANT.

The counsel for appellant does not design to introduce political parties into the discussion of questions of law before a Court of Justice, nor to expend time in arguing that true loyalty requires us to insist upon confining Congress within its constitutional limits.

He proposes simply to demonstrate that under the Federal Constitution, which is still recognized, by *this Court* at least, as the organic law and the controlling guide, Congress has no power to make Treasury notes a legal tender for private debts,

and that the exercise of such a power could never have been designed, for the reason that it is utterly futile for good, and is both an unmingled curse to the people and an absolute injury to the Government itself.

We are not addressing ourselves to a political primary meeting, nor to the whims and caprices of a jury, but to the Supreme Court of a State which is one day to be a mighty empire—a Court honored with the public respect and confidence and engaged in establishing the foundations of our jurisprudence, not for a day, but for all time.

We do not apprehend that such a tribunal, conscious of its responsibilities, will either be influenced by the shallow nonsense which attempts to connect loyalty to the Government with this wretched legal tender scheme of finance, or will shrink with unmanly timidity from the discharge of a duty imposed upon it by the Constitution and laws and undertaken under the solemn sanction of official oaths.

No argument is needed to enforce or illustrate the vital importance, under our political system, of confining legislative bodies within their constitutional sphere. Upon this the very existence of the system depends, and it is undeniable that most, if not all of the danger to the perpetuity of free institutions, (judging from our national experience thus far). proceeds from the lack of sound judgment, of intelligence and integrity, apparent in our legislative bodies.

Hence, the results of experience in this country have been to add, one after another, to the checks and limits which the people have found it necessary to impose upon the power of legislatures. It is unnecessary to enlarge upon this point to one who will recall the history of State and national legis-

lation for the past ten or fifteen years, or will glance over the volumes of statutes annually and biennially furnished to the people by their representatives.

The public mind was never so thoroughly convinced of these truths as now, and never so entirely pervaded with the conviction that it is upon the judiciary alone we are to rely to restrain legislative bodies from trampling under foot every wise provision of the organic law designed to secure personal rights or private property, and ensure economy and honesty in the administration of public affairs.

Hence, the pressing necessity that the duty of declaring void unconstitutional enactments should be firmly asserted and fearlessly exercised by the judiciary whenever an occasion arises.

It is a most beneficent power and a sacred trust appertaining to the judicial office. If Courts are wanting in their duty in this respect, the balance-wheel of the system is gone, and a violent convulsion impends from that hour.

"There is no liberty," says Montesquieu, "if the power of "judging be not separated from the executive and legislative "powers. Of the three powers, the judiciary is next to noth-"ing"—that is, nothing for injury or aggression, but everything for defence and protection.

In a monarchy it is an excellent barrier to the despotism of the prince; in a republic, it is a no less excellent barrier to the encroachments of the representative body—the citadel of public justice and public security.—*Federalist*, *No.* 78.

In the same number of the *Federalist*, Mr. Hamilton lays down the propositions as undisputed, that "the complete in-"dependence of the Courts of Justice is peculiarly essential in "a limited constitution, which contains exceptions to the le-

"gislative authority; that such exceptions can be preserved "in practice only through the medium of the courts of justice, "whose duty it must be to declare acts contrary to the Con- "stitution void; and that, without this, all the reservations "of particular rights or privileges would amount to nothing; "that the independence of the judges is equally requisite to "guard the Constitution and the rights of individuals from "the effects of those ill-humors which the arts of designing "men, or the influence of particular conjunctures, sometimes "disseminates among the people themselves, and which, though "they speedily give place to better information and more de- "liberate reflection, have a tendency in the meantime to oc- "casion dangerous innovations in the government and serious "oppressions of the minor part in the community."

M. de Tocqueville expresses the opinion that the tyranny of majorities, driving minorities to desperation, threatens more danger to our free institutions than any other cause, and he declares that the power vested in the American Courts of pronouncing a statute unconstitutional forms one of the most powerful barriers against the tyranny of political assemblies. (*Democracy in America, part* 1, *chaps.* vi. *and* xv.)

The vital necessity of this power, and of its faithful and independent exercise, is also stated by Chancellor Kent, in his Commentaries (vol. 1, p. 450, etc.), where, after explaining the absolute need of some power to confine the legislative majority within constitutional limits, and protect every part of the government and every member of the community from undue and destructive innovations upon their chartered rights, he says: "It has accordingly become a settled principle that "it is the right and duty of the judiciary to declare null and "void every act of the legislature in conflict with any provi-

" sion of the constitution." He asserts also that it is not only the opinion of M. de Tocqueville, but of English writers, that the great danger to free institutions in this country rests in the tyranny of legislative majorities, and adds his own judgment, that, if there were no check upon such tyranny, the prospect before us would be gloomy in the extreme.

"If ever the free institutions of America are destroyed," says the same author quoted by Judge Kent, "that event may " be attributed to the omnipotence of the majority, which may, " at some future time, urge the minority to desperation, and " oblige them to have recourse to physical force."

The same idea is elaborated by Mr. Madison, in the 51st number of the *Federalist*, and Mr. Jefferson also expresses the opinion that, the executive power was not the only, perhaps not even the principal, object of his solicitude, but that the tyranny of the Legislature was really the danger most to be dreaded, and would continue so for many years to come.

One reason, among others, why the tyranny of a legislative majority is the more dangerous is, that the very number destroys all sense of individual guilt or responsibility.

The importance of a faithful discharge of the duty of the Judiciary, in this respect, has been frequently dwelt upon by the Federal and State Courts, in cases which are too numerous to admit of citation, and too familiar to the profession to require it.

One of the most concise and forcible expositions of the subject is given by Chief Justice Le Grand, in the case of Baltimore *vs*. State, 15th Maryland, p. 470–1, and another by Chief Justice Kent, in Dash *vs*. Van Kleck, 7th Johnson, p. 508.

The Chief Justice, in the latter case, says: "The power " that makes, is not the power to construe a law. It is a well

"settled axiom that the union of these two powers is tyranny. "Theorists and practical statesmen concur in this opinion."

The duty of Courts, in the interpretation of constitutional provisions, and applying this test to the validity of statutes, cannot be better expressed than in the admirable language of Judge Bronson, quoted in the case of Perry *vs.* Washburn :—

"It is highly probable that inconvenience will result from following the Constitution as it is written, but that consideration can have no weight with me. It is not for us, but for those who made the instrument, to supply its defects. If the Legislature or the Courts may take that office upon themselves, or if, under color of construction, or any other specious ground, they may depart from that which is plainly declared, the people may well despair of ever being able to set a boundary to the powers of the government.

"Written Constitutions will be worse than useless.

"Believing, as I do, that the success of free institutions depends on a rigid adherence to the fundamental law, I have never yielded to considerations of expediency in expounding it.

"There is always some plausible reason for the latitudinarian constructions which are resorted to for the purpose of acquiring power—some evil to be avoided, or some good to be attained, by pushing the powers of the government beyond their legitimate boundary. It is by yielding to such influences that Constitutions are gradually undermined and finally overthrown. My rule has ever been to follow the fundamental law, as it is written, regardless of consequences. If the law does not work well, the people can amend it, and inconveniences can be borne long enough to await that process.

"But, if the Legislature or the Courts undertake to cure defects by forced and unnatural constructions, they inflict a wound upon the Constitution which nothing can heal."

"One step taken by the Legislature or the Judiciary in enlarging the powers of the Government, opens the doors for another, which will be sure to follow; and so the process goes on, until all respect for the fundamental law is lost, and the powers of the Government are just what those in authority please to call them." Oakley *vs* Aspinwall, 3d Comstock, p. 568.

An instance of judicial tergiversation, the more conspicuous from its contrast with the high character maintained by the Federal and State Courts in general, will be referred to before closing this argument.

It is needless to dwell longer on the duty of declaring void unconstitutional enactments, for there can be no controversy on the subject. It is one which this Court has promptly exercised on more than one occasion. As the tendency now, however, is to dispute self-evident truths, and assert paradoxical propositions, we take this as a starting point upon which the counsel for appellant and respondent agree.

The facts of this case are simple: The action is brought to recover $450 rent; the defence admits the debt, but avers a tender in Treasury notes, issued under the Act of February 25th, 1862.

The sole question is the validity of the provision making these notes a tender in payment of debts.

In the case of Perry *vs.* Washburn, the Court recollects

this subject was discussed by the same counsel in part, who represent the parties to the present action, but as that case turned upon the construction of the Act of Congress, it was unnecessary to determine the question of Constitutional power.

The latter question arises in this case, disconnected from all others, and its decision cannot be postponed or avoided without inflicting a wrong upon the party who seeks relief at the hands of the Court.

The plaintiff has brought this action to recover money which is his due, not to settle abstract Constitutional questions.

While this is true, it is also true that there is a principle involved not inferior in moment to any which could engage the attention of this Court.

Upon its right decision may depend everything valuable to the people of California; the fortunes of thousands of citizens, mercantile and business honor, the prosperity and progress of the State, perhaps its tranquility, for a generation to come.

It is the knowledge of the disastrous results which would follow a decision in favor of this provision, that causes the community to watch the action of this Court with such anxious suspense.

It needs no Prophet's vision, nor Poet's fancy, to depict these results—the destruction of confidence, the paralysis of business, public demoralization, depreciation of property, withdrawal of capital, laborers unemployed, fountains of prosperity poisoned, and popular outbreaks, are some of the most natural and obvious, and the consciousness of such dangers

induces a deep sense of responsibility as we approach the discussion of so grave a question.

The advocates of the power of Congress to compel creditors to accept Government paper from debtors in lieu of money, adopted, in the debates on the measure, diverse and inconsistent theories to justify its passage.

The clauses authorizing Congress to borrow money, and to regulate commerce with foreign nations and among the several States, were not generally relied upon, nor did I anticipate that the validity of the provision would be rested upon either of those clauses, more especially as the counsel who argued this case for the respondent in the Court below, disclaimed expressly all reliance upon any clause except the one referring to coinage. The clause empowering Congress to regulate commerce with foreign nations and among the States, comprehends a regulation of currency or coinage with as much semblance of logic as it does the marriage relation.

The language of the clause is, Congress shall have power to "regulate commerce with *foreign nations*, and among the *several States*, and with the *Indian tribes*."

The expression is not " Congress may regulate and control all business transactions among the citizens of any State," but commerce between or among the several States, that is, between State and State.

Congress, upon the hypothesis advanced by those relying upon this clause, would have plenary power over the business transactions of the citizens of each State among themselves, and could prohibit any citizen from carrying on any particular kind of trade or occupation. It could declare it unlawful to

sell merchandise except in specified quantities, or within designated districts.

The words with "foreign nations" and "among the several States," are descriptive and qualifying. They show the extent and limits of the power of Congress. Were they omitted there would be more plausibility in the argument, although even then it would be impossible to construe the phrase to embrace any control over currency, that being separately provided for.

As the Supreme Court of Indiana said in a recent case, the treasury notes are useless for foreign commerce, and are not needed for commerce among the several States. Commerce did not call for or require the provision. It does not profess to be in any sense a regulation of commerce, nor is this object within the scope or design of the Act. It simply attempts to relieve the financial necessities of the Government.

Very few of the advocates of the legal tender clause have relied upon the power of Congress over domestic and foreign commerce as authority for its passage. To say that because commerce requires money, therefore Congress has full power to substitute charcoal, or bricks, or lampblack and rags, for gold and silver, is certainly not far from a climax of absurdity as a Constitutional exposition, and to argue that Congress has omnipotent power over the business of individual citizens among themselves, would seem to imply a low estimate of the intelligence of this Court. "Money," says one of these Constitutional Solons, "is the vehicle of commerce, therefore Congress can make anything money it chooses." To pursue this argument further, wharves are vehicles of commerce—therefore Congress can grant a wharf franchise at the foot of Howard street. Streets are thoroughfares of commerce,

therefore Congress can lay out streets and make street assessments in the city of San Francisco. There is no need to multiply such illustrations.

There is almost nothing that we eat, drink or wear, that we possess, acquire, use, or dispose of, but has relations to commerce in the sense of business intercourse among individuals.

The air we breathe, the light of the sun, every local water course, the products of the earth and the mineral treasures which lie beneath its surface, are all adjuncts or subjects of commerce, and the argument, therefore, comprehends in one sentence unlimited control over everything used or enjoyed by mankind.

The clause empowering Congress to coin money, under this expansion of the clause relating to commerce, is perfectly superfluous. So with the clause relating to revenue from duties, imposts, &c., and the clause relating to post offices and post roads.

The Supreme Court of the United States has held in several cases that the power of Congress to regulate commerce extends to every species of commercial intercourse between the United States and foreign nations, and among the several States, but "*does not* extend to a *commerce* which is *completely internal*."

Gibbons *vs.* Ogden, 9th Wheaton, p. 1, 5th Cond. Reports, 569; License Cases, 5th Howard, p. 574, &c., 12th Wheaton, 419, Brown *vs.* State of Maryland; City of New York *vs.* Miln, 11 Peters, 102.

In the case in 9th Wheaton, Chief Justice Marshall says: "It is *not intended* to *say* that these words comprehend that commerce which is *completely internal*, which is carried on between *man and man* in a *State*, or between *different parts of*

the same State, and which does not extend to or affect other States; it may very properly be restricted to that commerce which concerns more States than one. The phrase is not one that would be selected to indicate the *completely interior traffic* of a *State*, *because* it is *not an apt phrase* for the *purpose*; and the enumeration of the particular classes of commerce to which the power was to be extended would not have been made had the intention been to extend it to every description. The completely internal commerce of a State, then, may be considered as reserved for the State itself."

In the License Cases, Chief Justice Taney, in the opinion of the Court, said that commerce with foreign nations and between one State and another State, is subject to the regulation of Congress. Internal or domestic commerce, belongs to the States, and over it *Congress can exercise no control.*

Judge McLean, in the same cases (in 5th Howard), says: "*A State regulates its domestic commerce*, *contracts*, the transmission of estates, real and personal, and acts upon all *internal* matters which relate to its moral and political welfare: over these subjects the *Federal Government has no power*. They *appertain* to the *State sovereignty* as *exclusively* as powers exclusively delegated to the General Government."

This principle is also stated in the same cases by Judge Woodbury, with equal clearness.

Numerous statements of the same rule in other cases might be quoted, but it would be trespassing needlessly upon the patience of the Court.

We cannot suppress our astonishment that intelligent men should so lose sight of the terms used in the constitution, and of the repeated decisions of the Supreme Court of the United States, as to argue in favor of a construction of the clause

referred to repeatedly rejected by that tribunal, wholly inconsistent with the words employed, and which would confer upon Congress unlimited power over the entire business and trade of the citizens of each State among themselves. Such control would be palpably inconsistent with the whole spirit of our political system, and utterly foreign to the objects for which the Federal Constitution was formed.

If a politician determines to reach a conclusion, however, he will arrive at it with very little reference either to law or logic, and argument would make as little impression upon him as paper bullets on an iron clad frigate. This trait of character is exemplified in the various routes pursued by our legislators and politicians to attain the end of an inconvertible paper currency.

When we see ingenious and able politicians in the attempt to justify this enactment, resort to such a variety of clauses, —some to this one and others to another, and others still to another, with no concord of opinion, but each repudiating his neighbor's theory, while all agree in the result, we incline irresistibly to the belief that the case must be inherently and radically unsound. When we see one advocate of legal tender insist that the power over commerce alone justifies the enactment, another that the coinage clause or the borrowing clause alone justifies it, another that neither of these affords any ground for its exercise, but that the "war power," so called, or imperious necessity alone can be plead in justification, we have a right to infer that the power under any and all of these clauses and pretexts is equally wanting. If the power existed there could be no such disagreement as to its locality, and its advocates effectually demolish each the other's argument.

If Congress possess the power, it is by virtue of some par-

ticular clause, and no such difficulty could be experienced in assigning it; but so much at variance are its advocates as to the source of the power, that no stronger argument could be framed against it than would be furnished by a collection of the various theories advanced, and the reasons given by them to sustain it.

If Congress can only exercise certain delegated powers, and this power *is* delegated, certainly those who are so anxious for its discovery should be able to find a grant which they could unanimously specify as the authority.

In all the debates and publications on the subject, however, we see the same difference of opinion which is exemplified in this case.

Mr. Smith scouts Mr. Hastings' argument on the coinage clause, and Mr. Hastings utterly repudiates the position of Mr. Smith. According to Mr. Smith, the coinage clause confers no power, while according to Mr. Hastings it exists no where else. We are reminded of Cowper's description of the excuses given by Mahometans for the use of pork.

When the Constitution confers upon Congress express power to a certain extent over any one subject, it is not admissible to stretch that power beyond the capacity of the clause by resorting to such portions of the instrument as relate to subjects entirely distinct.

To ascertain the power of Congress over *coin* or *money*, we are not at liberty, after giving that clause the utmost possible expansion, to start on a voyage of discovery after pretexts in clauses relating to other subjects to justify Congress in the exercise of currency powers not embraced in the grant which relates avowedly to the circulating medium.

The validity of the provision is based again by some on what is vaguely denominated "the war power"—"an *ignis* "*fatuus*"—the discovery of the political "latter day saints" of the present dispensation.

I did not design to discuss this theory of war power, inasmuch as the counsel (Mr. Hastings), who argued this case in the lower court, disclaimed all reliance upon any clause of the Constitution except that relating to coinage. One of the counsel, however, (Mr. Smith) announces that he will present an argument embodying similar views to those of a distinguished State functionary, who has furnished a newspaper opinion to the effect that the Executive ought to "subvert the "courts," if they decide this provision to be unwarranted by the Constitution.

I desire to speak of the Attorney General with entire respect, for him and his official station; but it is impossible to condemn too severely such expressions coming from the highest law officer in the State.

Nearly fourscore years have elapsed since the adoption of a written constitution of government for the United States, defining the powers granted, and distributing them among three departments; and we now hear the theory gravely advanced, that in case of war the Executive has the right to assume all the functions of every department of the government and be at once legislator, judge and executioner.

The Attorney General is a representative man of the war power school, and his proposal to subvert the courts is a fair specimen of "war power" logic—*Ex uno disce omnes*.

Those who agree with him lodge this omnipotent power at one time in the President, and at another time in the Congress, and again in the two combined.

The only department whose powers are not expanded by it is the judiciary.

As it is now seriously advanced before a court of law, it deserves to be fairly discussed; and if it should appear to be intrinsically absurd, the fault is chargeable to its inherent character and not to the mode of its treatment.

So far as the Executive is concerned, it is unnecessary in this case to expend time in debate, for the respondent's counsel who advances this doctrine does not contend that a state of war empowers the Executive to make Government paper a tender by decree.

Some of the authors of the theory, it is true, assert that either the President or Congress has the right in time of war, if in his or their judgment a necessity exists, to assume all the functions of government, executive, legislative or judicial, and exercise each and all of them without limitation. That as soon as a war occurs, by the act of the President or of a Congressional majority, all rules of constitutional exposition are at an end, the government instantly changes from a limited to an absolute one, and the President and Congress are invested for the time with unqualified and irresponsible authority.

The duration of this unlimited power is co-extensive with the war, and the duration of the war rests with Congress and the Executive. Having then become possessed of this absolute power, they can dispense with or "subvert" (to borrow the Attorney-General's word) not only the courts but our system of elections and every other safeguard of liberty, without any exception whatever.

The proposition is, that Congress and the Executive can do

anything in time of war which they deem necessary, and are therefore the sole judges of the constitutionality of all laws passed in time of war.

The same logic which justifies Congress in exercising powers not granted would justify the exercise of prohibited powers, if deemed necessary to carry on the war.

The Roman apothegm, "*Inter arma silent leges*," is gravely stated as a fit and proper rule to be literally applied to our system of government.

If a state of war, *ipso facto*, abolishes constitutional provisions and limits, the result must follow in case of war with any power. A war with New Grenada would be as potent to accomplish the result as a war with all Europe. Any war with any nation—Algiers, Siam, or Japan, or the Florida war with the Seminoles, substitutes for constitutional and civil law this unlimited and arbitrary power. The extent of the war could not change the principle; the only limit to its exercise would be the discretion of Congress and the Executive. The man who supposes any such authority would be free from abuse and would not soon utterly destroy every vestige of civil liberty, has either not read history at all or has read it to little purpose.

This doctrine of the war power, as before remarked, is applied by its disciples indifferently to Congress and the Executive. It is insisted by them that the President can, by an executive decree in time of war, wield unlimited legislative powers, and on the other hand that Congress can, through committees, execute its own sovereign will. Conflicts of jurisdiction are not considered matters of moment by them. It is a question, not of right, but simply of power.

It was the Duke of Wellington who said, "Martial law

meant no law at all; it is simply the will of the commanding general." In other words, it is the law of present and temporary force.

We might well enquire of these gentlemen who suggest the Latin maxim above quoted and insist that there is no law in time of war, if "*inter arma silent leges*," then by what law does Congress sit and legislate in war? If all law is suspended, as Congress is the creature of law, and law the creator, when you destroy the creator what becomes of the creature?

Suppose that Congress should deem it necessary to take from the Respondent's counsel the homestead of his family, and grant it as a reward to some officer for military services; or suppose martial law were declared in San Francisco, and the President or the military commander should sell and convey the counsel's private residence to some applicant, to defray necessary expenditure, how would the counsel relish the application of his theory of constitutional exposition to such a case?

Would such a grant convey any title, whether made by Congress, by a Department Commander, or the President, or all combined? The fallacy and absurdity of this theory of martial law, as applied to the President, are exposed by Judge Curtis, of Boston, late a member of the Supreme Court of the United States, in a pamphlet recently published.

He shows very clearly the distinction between the powers of a military officer commanding in the field, and the powers of the President and the Cabinet.

He defines military law to be a code of regulations for the management and discipline of the army and navy; martial law to be the right of the Commanding General to exercise over persons and property within the sphere of his actual

military operations in the field, such restraint and control as in his honest judgment may be necessary for the successful prosecution of any particular military enterprise, and to punish through military tribunals those who have committed offences against the articles of war. It is a power to act, not to prescribe rules for future action, and can in no possible aspect have any application to the Legislature.

It is the absence of all law, but the "*vis major*," the law of force, which, though all civil rights bend before it for the time, leaves all those rights to recover their "*statu quo*" the instant the force is expended. It cannot perform any Legislative functions, nor extend beyond the immediate theatre of military operations in the field.

Another form of stating the proposition contended for is, that Congress being authorized to declare war and raise and equip armies, can employ all powers auxiliary, and in their judgment useful, which are not forbidden, or, as sometimes stated more broadly, can do anything not prohibited.

I will not pause here to show that the power to make paper currency a tender *is prohibited*, as that belongs to another branch of the argument, but will suggest, in the first place, that these comprehensive powers of raising armies, &c., are possessed by Congress in *peace* as well as in *war*. They are expressly granted to Congress at all times, in peace or in war. Congress might choose to raise an army of half a million of men in a period of profound peace, through fear of impending hostilities, and according to this argument, it could thereupon proceed to do anything and everything under heaven not expressly forbidden in the Constitution.

It could sell and convey Long Island to Great Britain, and California to France; could depose the Governor of Penn-

sylvania and all the State officers, and appoint new ones in their stead; could establish slavery in Massachusetts, and abolish it in Delaware; could abolish the State Governments on Mr. Sumner's plan, appoint a Dictator, subvert Courts and replace them by military commissions, assume the local administration of every municipality in the Union, appoint Boards of Supervisors, in short, could do anything not expressly forbidden, and all this either in a period of profound peace, through fear of war, or after a declaration of war by the most insignificant power.

This kind of Government would be one of "enumerated powers"—this would be a *limited Constitution!!*

Does the power to declare war, to raise and support armies imply any interference with the currency, upon any rational principle of construction?

The question carries with it the reply.

These powers manifestly relate to the mode and machinery of enlistment, perhaps of drafting, using money which has been raised by taxation or loans, for payment of transportation, equipment and supplies; the instruction and discipline of officers and soldiers, the manufacture of arms, materials, and all articles needed by troops; in short, it is confined to such means and agencies as would be fairly and rationally included within the grant of power. Nothing but the wildest stretch of fancy could construe it to permit Congress to compel a creditor to accept from a debtor Government obligations payable at some future indefinite period in lieu of money due in the usual course of business.

If it does include such a right as this, then the declaration that the Constitution is one of enumerated powers, is an absurdity, and it might as well authorize Congress in general

terms to administer the Government in war according to its discretion, without reference to any express grant of powers.

This doctrine would destroy all popular respect for the Constitution. It perverts the Government in war, into a worse than Russian absolutism, and war can be precipitated at any moment by either the President or Congress.

Any war with any power, Siam, Mexico or Japan, would emancipate the majority in Congress from all Constitutional restraints, and convert them into a gigantic Vigilance Committee, or band of Regulators. Instead of a despotism of one, we would have the worst of all tyrannies, that of an irresponsible majority. Under such a construction the Government could not stand, and unless speedily reformed it ought not to stand.

The power to declare war and to raise and support armies, as has been said, has no connection with currency or finance.

The latter are questions for the Treasury Department; the management of armies for the War Department. The supply of money for war purposes is from the Treasury Department.

The power to raise money and regulate currency, is neither military, martial nor belligerent, and is not kindred to the conduct of a war, except that larger sums of money are needed in war than in peace.

Bayonets are not the instruments employed by Assessors or Tax Collectors, nor is the sword in a Republic used as an agent to collect revenue or regulate the currency.

The power of Congress to raise revenue and regulate the coinage, is the same in peace as in war. Its power over such subjects is defined and limited. The power of taxation in various ways, direct and indirect. and of borrowing money,

comprise all needed, and it might be said, all possible power which is useful to furnish funds for the various purposes of Government, whether peaceful or warlike. The result of the argument on the other side, is to make the power to raise and support armies, swallow up at one gulp all the other powers of the Government, and all the safeguards of personal rights and Republican institutions.

The framers of the Constitution gave to Congress in other clauses, all the power to raise money by duties, taxes and loans, and all the power over the circulating medium which they deemed it expedient to entrust to Congress, and it is to the clauses relating avowedly to these subjects, and no where else, that we are to look to ascertain the powers of the Government in these respects.

There is nothing in reason or the nature of the subject which requires different financial powers in war than those of taxation and loans, unless the power to levy contributions or forced loans is conferred. This latter power is exercised by commanders in the presence of an enemy, while conducting military operations in the field; but to extend it beyond the immediate vicinity of such operations is unwarranted by any principle of constitutional law, and would never be tolerated by the people of this country, nor by any people conscious of its dangerous and pernicious tendency.

There is no lack of legitimate power in the Government to wage war without submerging under despotic control all constitutional landmarks.

The Constitution was framed for war as well as peace, and is ample for both. The rules of interpretation are the same in the former as the latter. The guards wisely provided therein for public liberty and private rights are far more ne-

cessary, and therefore more sacred, in war than in peace.

Nothing more need be said to show the fallacy of the statement that the powers of Congress in war are limited only by its own discretion and by the prohibitions expressed in the Constitution.

This modern war power theory deserves only to be spoken of in the language of Mr. Burke, applied to the *Assignats*, or paper issues of the French Revolution : "There are some follies which baffle argument—which go beyond ridicule—and which excite no feeling in us but disgust."

The plea of overwhelming necessity, alleged in Congress for the passage of this legal tender provision, is another form of the same argument. It is not one that calls for discussion before a Court.

It is a plea, not of legality or constitutionality, but an excuse for setting the Constitution aside, and, if satisfactory to the consciences of sworn legislators, has no place before a tribunal, organized under and in subordination to the Constitution, and whose duty is simply to uphold that authority as paramount and supreme.

An occasion might possibly arise in which a desperate emergency would induce the Executive to exceed the powers vested in him by the Constitution or the law ; and, where the cause was adequate, the people might wink at a temporary departure ; but Judges have neither the right nor the power to sanction such violations. Their functions are simply to administer, expound, and enforce the Constitution as it is. What might be palliated in the Executive, would be manifestly infamous in a Court ; and the dangerous tendency of such acts, even in the Executive, cannot be too deeply impressed on the popular mind.

The plea of necessity *has*, in all ages, been offered as an excuse for tyranny, for breaches of public faith and violations of private rights; and the time is not remote when this war power doctrine will occupy a position in political philosophy akin to that held by the revelations of Joseph Smith in spiritual affairs, or in medical science by the patent nostrums warranted to cure every disease which afflicts humanity.

Not long since, in reply to an inquiry whether it was competent for Congress to authorize a Secretary of Legation to take and certify acknowledgments of instruments to be used or recorded in this State, it was suggested that, possibly, Congress, under the "war power," might prescribe the rules for recording instruments in County Recorders' offices, and determine the effect of such registration. Though intended as a jest, the suggestion may be useful as an illustration, and as such is commended to the political Sangrados whose inevitable prescription for every imaginary defect of the body politic is this "war power" doctrine.

It is very evident from what has been said that in most cases the policy of legislation is not a legitimate subject of consideration for Courts. Upon doubtful questions of statutory and constitutional construction, however, the policy and expediency of constitutional and statutory provisions may be considered in searching after the intent of conventions and legislatures.

The discussion of questions of public policy before Courts is not for the purpose of overruling conventions or legislatures, but of understanding and applying the law.

Where the intention is clear, and the language free from ambiguity, there is no room for construction, and all discus-

sion of the benefits or mischiefs of the provision becomes irrelevant and impertinent ; but where a construction is sought to be given which is not warranted by the terms employed, it becomes proper to resort to public policy as well as cotemporaneous history, and cotemporaneous exposition, with other aids, to fortify the plain significance of the language.

I propose, then, before proceeding to an analysis of the Constitution, and the various judicial interpretations of its provisions, to treat the question in the light of settled principles of political economy, long since received by all statesmen and writers on the subject as axioms, a demonstration of which would be idle and superfluous.

The first proposition advanced will be, that the power to make inconvertible government paper a currency, and a tender for private debts, is one barren and fruitless of good, at war with every dictate of common prudence and common honesty, one that ought never to be entrusted to any government, because it is destructive of the very material and business interests on which every government must in the end rely for support, and is demoralizing and pernicious in every respect in which it can be viewed. This can be shown beyond all reasonable doubt, both upon principle and the experience of all civilized nations, and of every century since feudal times, and the application of the argument to the case before the Court will be, that it is impossible to believe the Convention of 1787, composed of some of the wisest and best men of that age, capable, even had they forgotten the previous experience of our country, of entertaining for one moment the idea of entrusting such an odious and pernicious power to the government they were about organizing.

The defendant's counsel, Mr. Hastings, seeks to parry the force of this view by insisting that the policy of this species

of legislation it is not proper to debate or consider, a position that would be sound if the clause empowering Congress "to coin money," on which he relies, unequivocally authorized the law, but as this will hardly be insisted upon, even by the counsel for the defendant, it is proper to show the extreme impolicy and impropriety of such legislation, as a ground for the conviction that no such intent was in the minds of the Convention, or can be fairly inferred from the language employed.

The provision in question seeks to substitute the obligations of the Government for the precious metals in business transactions; to relieve its financial necessities by converting its treasury notes or bills of credit into a circulating medium.

What is the nature and office of a circulating medium?

There is much truth in the statement that the vital principle of human society, and its chief end and aim, is exchange—the exchange of the labor, products or capital of one man for the labor, products or property of another.

Civilization, in a purely material aspect, works out the perfection of exchanges between individuals and nations. But little reflection is needed to make it apparent that the entire labor and capital of the individual citizen, in all highly civilized communities, is employed in producing something, not for his own use, but to exchange with others for the thousand articles of necessity and comfort produced by their labor and capital.

The shoemaker, for instance, cannot clothe or feed himself or his family with the identical products of his toil, and so with every mechanic and every professional man. The personal wants of every artisan, artist, professional man, or merchant, require little or nothing of that which is the subject of his daily labor, and, if it were not for the exchangeable value

of the results of this labor, the motive to continue it would be destroyed. It is equally evident that this exchange cannot be effected directly by barter, but that a medium must be sought for the purpose.

A manufacturer might need bread for himself and family and not find a producer of bread who needed his fabrics. The laborer, also, would find that the very person who needed his labor produced nothing which he desired in exchange for it.

Even where there was a wish to exchange, the adjustment of quantities, either of labor or commodities, would be wholly impracticable, and the time necessarily consumed in effecting them, would leave none for useful toil.

These difficulties are well illustrated by Dr. Wayland, in his valuable treatise upon the elements of political economy.

He supposes the case of a producer, prepared with his product for consumption. If he is obliged to exchange in kind, it might be a long time before he could find another who desired the article created by him.

In the meantime, if his product was perishable, it would become worthless. The time expended in the search must be added to the cost of the article. After he had found one who needed his products, that person might have nothing which he would desire in exchange, or might have something of which the quantity needed by him would be trifling.

So with labor. The workman in a woolen mill would be compelled to receive his pay in woolen goods, for which he had no use; the laborer in an iron foundry, in iron articles, which he could neither consume himself nor exchange for bread, shoes, fuel, groceries, and a thousand necessaries, comforts and luxuries.

Illustrations on this subject might be multiplied indefinitely, but the briefest allusion is all that is designed for the purposes of this argument.

The indispensable necessity of a circulating medium in all highly civilized communities is obvious from this brief reference to its functions in facilitating exchange, which is but another expression for what we call "business," a comprehensive term for all human industry, and no one is so ignorant as not to know that, at the present day, gold and silver constitute this medium throughout the commercial world, relieved only to a limited extent by local issues of bank notes, convertible into gold and silver at will, and which are therefore mere orders for, or representatives of, this universal medium. But, while every one knows the *fact*, the *reason* for it seems to be overlooked by some who claim the title of statesmen, to-wit—that the precious metals alone are universally received as this medium, or as money, *because they alone possess the essential qualities for the performance of its functions.*.

First—They have an intrinsic value, governed by their cost of production, and are therefore commodities, as coal, iron, wheat or lumber. This is asserted by all intelligent writers and financiers.

Second—Their value is uniform, varying slightly through long periods of time—an essential quality of a circulating medium, possessed by gold and silver in a pre-eminent degree.

Third—Their value is not local, but universal, *and universally uniform*, and they are therefore a standard of values, not only at different periods, but in every country.

Fourth—They possess a great value in small bulk, and are therefore adapted for convenient use.

Fifth—Their uniformity of value is not affected by the size

or mass of the metal, as is the case with diamonds and jewels, which, upon being increased to double size, are multiplied ten-fold or a hundred-fold in value.

Sixth—Their capacity of division into small quantities, and of fusion or reunion without loss.

Seventh—Malleability, toughness and durability, which prevent them from breaking like brittle substances, from wearing out rapidly by handling, or decaying by rust or atmospheric action.

Eighth—Susceptibility to receiving impressions as coins.

Ninth—Uniformity of physical quality, not varying in excellence as diamonds, iron and other substances, in different localities, but being in a pure form everywhere the same.

Tenth—Capacity of admixture with alloy, and of separation from it with a view to increased hardness or increased purity.

Eleventh—Their peculiar and distinguishing brilliancy, and permanence of color, clearness of ring, and superiority in weight, which render counterfeiting to any extent impossible.

Most of these definitions of the adaptation of gold and silver are to be found in every intelligent writer on the subject, especially in Raguet and Wayland.

It may be added, also, that the reason for employing two metals, is the convenience of one for small, and of the other for large, exchanges.

The design in this argument, as before remarked, is the briefest statement of the qualities essential to a circulating medium to make manifest certain unchangeable truths, to wit:—that the only substances or things possessing these qualities are gold and silver, and that substitutes for them possess value for the purpose *so far only* as they are *convertible into gold and silver at will;* that inconvertible Government paper

is destitute of every requisite for the purpose, and never was, and never will, or can by any possibility, be a medium of exchange, or money, or currency, in any proper sense whatever; that there is a limit to human legislative power, and that there is no human power, Democratic, Aristocratic, or Despotic, which can create a reliable medium of exchange out of inconvertible Government paper, any more than it can make two and two count ten, or transmute by alchemy rags into gold; that the circulating medium of a nation is to national life what the vital fluid is to the physical, and must be held sacred from corruption and debasement, or national disease and death in the one case, as physical disease and death in the other, must ensue; that the pillars upon which all national greatness (especially in a Republic,) rest, are the prosperity and resources of the industrial classes, whose interests and prosperity all depend upon a sound and stable currency, the destruction of which is the destruction, by inevitable sequence, of all business, of all guaranty for a reward of industry, enterprise or capital.

There is nothing in these principles novel or controvertible. They are universally received, and acted upon by all who are familiar with the laws of political economy; are endorsed as sound by all respectable writers, and are rudimentary, and are inflexible as the code of ancient Media or Persia, or the laws of gravitation.

From the time of the first recorded instance of the use of a medium of exchange in the rude and primitive age of the human race, when Abraham purchased a piece of land from Ephron for four hundred shekels of silver, "current money of the merchant," down to the latest exhibitions of human folly, in flooding a country with an inconvertible currency

composed of printed paper engraved with cheap Government promises, every age has testified to the soundness of the doctrines above advanced.

Illustrations from history will be briefly alluded to, but it is well to pause here and inquire whether the race of giant Statesmen (for there *were giants in those days,*) who formed our Federal system, (themselves and their constituencies sensitively jealous of the Federal power, and scrutinizing with morbid suspicion every grant to the Federal Government,) were *likely*, either through ignorance or design, to violate these fundamental principles of human society, and open a door for the perpetuation of the scandalous frauds committed through an unlimited issue of inconvertible paper, forced upon the people by the thumbscrew pressure of tender laws.

This inquiry is put, ignoring for the present all past history and experience of our own, and other nations, and of the very men who composed the Convention of 1787, as well as cotemporaneous history, and exposition, and every other Constitutional argument against this monstrous abuse of legislation.

In endeavoring to arrive at the probable intent of the framers of the Constitution, it may be safely assumed at the outset, that no phrase or word in that instrument should be construed to vest in Congress useless and pernicious power, unless it clearly results from the ordinary sense of the terms used, or by fair and just inference therefrom.

A brief notice of historical instances, to illustrate further the impolicy, not to say criminality, of this legislation, is designed before making the application to the question before the Court.

From the earliest records, Monarchs have from time to time

wrung money from their industrious subjects by debasement of the royal coinage.

Every historian has pointed to such instances as infamous examples of the abuse of despotic power, and as detestable, both in morals and in policy.

The distress and ruin occasioned by such royal robbery, and the stagnation of commerce and business caused thereby, are familiar to every reader of history. The debasement of coinage by Henry I, the brass guineas of King John, and similar outrages committed by that unprincipled tyrant, Henry VIII, have stamped those Monarchs as infamous in the judgment of mankind.

Prior to the time of Henry I, the Kings of England were forced to accept, in lieu of this license to rob their subjects, a tax known as moneyage, which was a shilling paid every three years by each hearth as an equivalent to the King, for abstaining from using his prerogative to debase the coin.

The Charter of Henry I, (disregarded by that Monarch, but which was the precedent for the Magna Charta of King John, and the foundation of Anglo-Saxon freedom,) contained a provision abolishing moneyage, thereby declaring against the royal right either to debase the coin,or exact pay for abstaining from the practice. (Hume's History, Vol. I, p. 462, edition of 1836, by Harper.) This is a significant hint of the detestation excited among the people by this abuse in those times of unchecked despotism, when acts of tyranny, almost incredible in this enlightened age, were committed with impunity by the royal tyrants of that period.

So in France the gradual debasement of the royal coinage will appear from the established fact that the livre in the time of Louis XVI, contained only one sixty-sixth (1-66) the quan-

tity of gold contained in the livre of Charlemagne. The history of the tyrannical wretches, who at different periods lorded it over the French people, abounds with instances of the wholesale robbery of their subjects by this expedient of debasing the coin, one of the first effects of which was, in each instance, to encourage fraudulent debtors to avail themselves of the royal license to swindle their creditors by discharging their obligations in the debased currency.

Lawson's History of Banking, pp. 34 and 35.

It is unnecessary to pursue these instances. The history of absolute Kings in the earliest ages of civilization, is full of these examples, which have been a powerful stimulant to popular discontent and revolution.

Public sentiment at the present day, would render it difficult, if not impossible, for any Monarch to retain his throne if he resorted to this flagrant outrage upon his subjects.

But in what is the debasement of the coinage more culpable than to drive the coin from the country altogether, and replace it with printed paper, on which are inscribed violated promises, the published and barefaced falsehood, that upon presenting it, the bearer will receive a certain amount of gold or silver, an obligation violated as soon as entered into ; a pledge made without even an honest intention of fulfillment.

If the coin of a country is debased to the extent of 25 per cent., there is still a stable currency worth 75 per cent. of the former, and values will, by rising 25 per cent., accommodate themselves to the debased standard, but when the coinage is replaced by the promissory notes of the Government, which fluctuate with every defeat of the Government troops, with every change of Administration, liable to be affected by the breath of every member of Congress, and whose redemption,

by mismanagement or profligacy, may be deferred indefinitely, the safe transaction of business becomes impossible, and the mass of the people are plundered by stock-brokers and speculators.

Inasmuch as a medium of exchange of some kind is essential to business among civilized nations, and the inconvertible obligations of the Government cannot be regarded as such a medium in any just sense whatever, it is clear that a debased coinage is preferable to such paper issues in every point of view, and that such debasement is no worse in morals, and superior in policy, to the so called paper currency.

The infamy, therefore, which history attaches to debasement of coinage, ought to be visited more heavily on the heads of those who do not simply *debase* the currency, but for all practical purposes destroy it.

Among the most memorable instances of this abuse, are the paper issues of Austria, the Continental currency, and the French Assignats, which latter are said by historians to have had a larger share in the overthrow of the French Revolutionary Government than any other one cause. (Allison's History of Europe, Harper's Edition, Vol. I, p. 318.)

In the infancy of a Government, struggling for existence, with no revenue system in operation, and no organization for revenue purposes, with scarcely any means for the collection of revenue, beyond voluntary contributions, there is some palliation for the error, but for such a resort by an established Government, with a perfected administration, there is no justification or excuse.

It will be kept in view that it is not so much the contracting of a debt by paper emissions that constitutes the evil, as the making those emissions a tender in payment of debts, and thereby cheating the people of a safe medium of exchange.

As was said on the argument of the case of Perry *vs.* Washburn, the value of Government obligations does not depend to any extent upon tender laws, but upon the administration of public affairs, the extent, population, and resources of the country, the loyalty of the people, and the stability of the Government, as well as the regard of the citizens for the sanctity of public and private contracts, with other causes of like nature.

To enact that these securities shall pass current in business transactions, is intrinsically absurd, and tends to defeat the very end desired, for people naturally regard with suspicion securities sought to be forced upon them, and indignation at being defrauded by their debtors, through the aid of Government, excites disaffection towards the latter, and causes its obligations to be shunned, instead of being sought as an investment.

Judge Story, in his Commentaries on the Constitution, (§ 1358,) speaking of the evils of an inconvertible Government paper currency, and using the language of Chief Justice Marshall, says: "Such a medium has always been liable to "considerable fluctuation.

"Its value is continually changing, and these changes, often great and sudden, expose individuals to immense losses, are the sources of ruinous speculations, and destroy all proper confidence between man and man. In no country more than our own had these truths been felt in all their force," referring to the period when the Federal Convention was in session.

In the same work Judge Story says, (§ 1355,) "But the history of paper money, without any adequate funds pledged to redeem it, and resting merely upon the pledge of the public faith, has been in *all ages* and *in all nations the same*. It has

constantly become more and more depreciated, and in some instances has ceased from this cause to have any circulation whatsoever, whether issued by the irresistible edict of a despot, or the more alluring order of a Republican Congress.

"There is an abundance of illustrative facts scattered over the history of those of the American Colonies which ventured upon this pernicious scheme of raising money to supply the public wants during their subjection to the British Crown, and in the several States down to the present time. Even the United States, with almost inexhaustible resources, and a population of 9,000,000 of inhabitants, exhibited during the last war with Great Britain, the humiliating spectacle of treasury notes, issued and payable in a year, remaining unredeemed, and sunk by depreciation to about half of their nominal value."

Daniel Webster, who has never been accused of undue partiality for hard money, uses the following strong language on the same subect, in his speech in the Senate, on the bill for renewing the United States Bank Charter, May 25th, 1832: "A sound currency is an essential and indispensable security for the fruits of industry and honest enterprise. Every man of property and industry, every man who desires to preserve what he honestly possesses, or to obtain what he can honestly earn, has a direct interest in maintaining a safe circulating medium. A disordered currency is one of the greatest of political evils. It undermines the virtues necessary for the support of the social system. and encourages propensities destructive of its happiness. It wars against industry, frugality and economy, and fosters the evil spirits of extravagance and speculation.

"*Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money.*

"This is the most *effectual* of *inventions* to *fertilize* the *rich* man's *field* with the *sweat* of the *poor man's brow*. Ordinary tyranny, oppression, excessive taxation, these bear lightly on the mass of the community, compared with a fraudulent currency, and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well disposed, of a degraded paper currency, authorized by law, or in any way countenanced by Government." (Webster's Works, Vol. III, page 394.) Mr. Webster, in his speech in the House of Representatives, January 2d, 1815, on the same subject, to be found in the same volume, page 47, uses similar and equally strong expressions.

John Stuart Mill, in his work on Political Economy, Vol. II, pp. 5 and 6, says of a debased coinage: "Profligate Governments have, until a very late period, never scrupled. for the sake of robbing their creditors, to confer upon all other debtors, a *license to rob theirs*, by the shallow and impudent artifice of lowering the standard; that least covert of all modes of knavery which consists in calling a shilling a pound.

"Such strokes of policy have not wholly ceased to be recommended, but they have ceased to be practiced, except occasionally through the medium of paper money, in which case the character of the transaction, from the greater obscurity of the subject, is a little less barefaced."

It is stated as an indisputable principle by all reliable authorities upon currency, that the precious metals are used as a medium, not in consequence of legislation, but of their natural fitness and intrinsic value; that the proper agency of Government is restricted to authenticating their weight,

and purity, and preventing fraudulent imitations, and that no Government has the right to compel the use of any other currency than such as the business community prefer.

Whether this is debateable ground or not, one thing is absolutely certain, that the right of Government to meddle with the currency goes no further than to secure to the people a metallic currency, or *one convertible into the precious metals at any moment.*

Upon this point, the advocates of hard money, on the one hand, and banking on the other, are entirely agreed. Webster's Works, vol. iii., p. 43, vol. iv., pp. 280–1.

"Some fancy that it is the authority of government that gives money its value; but the true value of money, as measured by the amount of goods for which it will honestly exchange, cannot be affected by edicts of princes or acts of parliament.

"Monarchs and ministers may alter the weight of coins, or lessen their purity, but they cannot make a coin, worth half an ounce of silver, worth as much as one containing an ounce.

"The stamp of the state is a mere certificate of the weight and fineness of the piece. It is not from mere vagaries of fancy that the precious metals are equally prized by the Laplanders and the Siamese.

"It was not from compliance with any preconceived theories of philosophers or statesmen that they were, for many thousand years, in all commercial countries, the exclusive circulation.

"Men chose gold and silver for the material for money for reasons similar to those which induced them to choose wool, flax, silk and cotton for clothing, and stone, brick and timber for building."—(Gouge's American Banking System.)

Dr. Williamson, the historian of North Carolina, says: "The moral sense is depraved by tender laws, or laws which enable the debtor to defraud his creditor, by offering him a fictitious payment. By such laws the mind is alienated from the love of justice and is prepared for any species of chicane and fraud"

Adam Smith, in his work on the Wealth of Nations, book i., chap. 4, and book ii., chap. 2, treats of this whole subject with that perspicuity and ability for which he is celebrated, taking the same view and enforcing it in a manner entirely unanswerable.

Chambers' Information for the People, vol. ii., pp. 360–1, contains an excellent treatise on the same subject, asserting the same truths.

John Adams, the second President, in a letter to John Taylor, declares: "Silver and gold are but commodities, as much as wheat and lumber; the merchants who study the necessity and feel out the wants of the community can always import enough to supply the necessary circulating currency, as they can broadcloth or sugar, the trinkets of Birmingham and Manchester, or the hemp of Liberia. I cannot enlarge upon this subject; it has always been incomprehensible to me that a people, so jealous of their liberty and property as the Americans, should so long have borne impositions with patience and submission, which would have been trampled under foot in the meanest village in Holland, or undergone the fate of Wood's halfpence in Ireland.

"It is to be desired that coins had never borne other names than those of their weight, and that the arbitrary denominations called moneys of account, as £ s. d., had never been used.

"But when these denominations are admitted and employed

in transactions, to diminish the quantity of metal to which they answer, by an alteration of the real coins, is to steal, and it is a theft which *even injures him who commits it. A theft of greater magnitude, and still more ruinous, is the making of paper money;* it is greater, because in this money *there is absolutely no real value;* it is more ruinous, because by its gradual depreciation, during all the time of its existence, it produces the effect which would be produced by an infinity of successive deteriorations of the coins. All these iniquities are founded on the false idea that money is but a sign. If you can contribute anything to convince or persuade this nation to adopt a more honest medium of commerce, you will have my most cordial wishes for your success."

Edmund Burke, in his "Reflections on the Revolution in France, addressed to a young Frenchman," speaks thus of the paper emissions of the National Assembly, called "assignats:" "They have compelled all men, in all transactions of commerce, in the disposal of lands, in civil dealing, and through the whole communion of life, to accept as perfect payment, and good and lawful tender, the symbols of their speculations on a projected sale of their plunder.

"What vestiges of liberty or property have they left?

"We entertain a high opinion of the legislative authority, but we have never dreamt that parliaments had any right whatever to violate property, to overrule prescription, or to force a currency of their own fiction in the place of that which is real and recognized by the law of nations. But you, who began with refusing to submit to the most moderate restraints, have ended by establishing an unheard of despotism.

"So that this legislative assembly of a free nation sits, not for the security, but for the destruction of property, and not

of property only, but of every rule and maxim that can give it stability, and of those instruments which can alone give it circulation.

"With you, a man can neither earn nor buy his dinner without a speculation. What he receives in the morning will not have the same value at night. What he is compelled to take as pay for an old debt, will not be received as the same when he is to contract a new one, nor will it be the same when, by prompt payment, he would avoid contracting any debt at all.

"Industry must wither away; economy must be driven from your country; careful provision will have no existence. Who will labor without knowing the amount of his pay? Who will study to increase what none can estimate? Who will accumulate, when he does not know the value of what he saves?

"If you abstract it from its uses in gaming, to accumulate your paper wealth, would be, not the providence of a man, but the distempered instinct of a jackdaw.

* * * * "At present the state of their treasury sinks every day more and more in cash, and swells more and more in fictitious representation.

"When so little, within or without, is now found but paper, the representative, not of opulence, but of want, the creature, not of credit, but of power, they imagine that our flourishing state in England is owing to that bank paper, and not the bank paper to the flourishing condition of our commerce, to the solidity of our credit, and to the total exclusion of all idea of power from any part of the transaction.

"They forget that in England not one shilling of paper money of any description is received but of choice; that the

whole has had its origin in cash actually deposited, and that it is convertible at pleasure in an instant, and without the smallest loss, into cash again.

"*Our paper is of value in commerce, because in law it is of none. It is powerful on 'Change, because in Westminster Hall it is impotent.*

"In payment of a debt of twenty shillings, a creditor may refuse all the paper of the Bank of England.

"Nor is there amongst us a single public security, of any quality or nature whatsoever, that is enforced by authority.

"It remains only to consider the proofs of financial ability furnished by the present French managers when they are to raise supplies on credit. * * * * * * *

"Is there a debt which presses them? Issue 'assignats.' Are compensations to be made, or a maintenance decreed to those whom they have robbed of their freehold in their office, or expelled from their profession? 'Assignats.' Is a fleet to be fitted out? 'Assignats.'

"If sixteen millions sterling of these 'assignats,' forced on the people, leave the wants of the state as urgent as ever, issue, says one, thirty millions sterling of 'assignats;' says another, issue four score millions more of 'assignats.'

"The only difference among their financial factions is on the greater or the lesser quantity of 'assignats' to be imposed on the public sufferance. They are all professors of 'assignats.' Even those whose natural good sense and knowledge of commerce, not obliterated by philosophy, furnish decisive arguments against this delusion, conclude their arguments by proposing the emission of 'assignats.'"

It is needless to state that the enormous issues of "assignats" by the French Revolutionary Government, after doing incalculable mischief, terminated in a wholesale repudiation.

The history of paper emissions in this country begins in the colonial periods, and the evil resulting from frequent issues of bills of credit, in the different colonies, induced Parliament, in 1765, to pass an act prohibiting them from making their bills of credit a legal tender. (Hildreth's History of Banks, page 54.)

As Mr. Hildreth observes in his treatise: "A minute history of the paper emissions in the several English colonies would fill a volume, and would present a picture of public and private frauds, and a stubborn resistance to the clearest evidence, not very creditable to the virtue or the discernment of our colonial ancestors."

The reason for the submission by them to this fluctuating and fraudulent currency, according to this author, was the opportunity afforded, by the depreciation of bills of credit, of paying debts with a less sum than was really due. This discreditable reason, it is to be hoped, operated only to a limited extent.

Succeeding the colonial epoch came the stormy times of the Revolution. A government, which was at best a mere confederation of separate colonies, without any bond of union but the presence of a common danger, with no established administration or revenue system, and compelled to rely on requisitions upon the State governments for the money needed to keep a force in the field, would naturally resort to any desperate expedient that promised a temporary supply.

The entire circulation of the country at the time was ten millions, and the first paper emission of ten millions, in 1775, did not result in any serious depreciation. The succeeding emissions, however, depreciated to such an extent that, in 1781, after being bought at the rate of 1000 for 1, it ceased to circulate entirely as money.

Mr. Pelatiah Webster, a distinguished citizen of Philadelphia, in his well-known essays of 1779 and 1780 (cited in Gouge's work, part 2d, chap. 3d), states that in the early part of the war, when a proposition to establish a revenue system was before Congress, a member exclaimed—"Do you think, gentlemen, that I will consent to load my constitutents with taxes, when we can send to our printer and get a wagon load of money, one quire of which will pay for the whole?"

Mr. Webster says, further, that—"The fatal error, that the credit and currency of continental money could be kept up and supported by acts of compulsion, entered so deep into the minds of Congress, and all departments of administration through the States, that no considerations of justice, religion or policy, or even experience of its utter inefficiency, could eradicate it; it seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common justice, and even from common sense.

"Congress then resolved that whoever should refuse to receive in payment continental bills, should be declared and treated as an enemy of his country, and be precluded from intercourse with its inhabitants, that is to say, should be *outlawed*, which is the severest penalty (except of life and limb) known to our laws.

"This ruinous principle was continued in practice for five successive years, and appeared in all shapes and forms, that is to say, in tender acts, in limitation of prices, in awful and threatening declarations, in penal laws, with dreadful and ruinous punishments, and in every way that could be devised, and all executed with a relentless severity by the highest authorities then in being, viz., by Congress, by Assemblies and by Conventions of the States, and by Committees of Inspec-

tion (whose powers in those days were nearly sovereign), and even by military force; yet its unrestrained energy always *proved ineffectual to its purposes*, but in *every case increased* the evils it was designed to remedy, and destroyed the benefits it was intended to promote."

Thatcher, in his Journal of the Revolutionary War, pages 193–4, gives the following picture of the paper currency of the Revolution and its effects: "May, 1780.—The officers of our army have long been dissatisfied. Our sacrifices are incalculably great, and far exceed the bounds of duty which the public can of right claim from any class of men. The continental money which we receive is depreciated to the lowest ebb. Congress have established a scale of depreciation by which the continental bills are valued at forty to one of silver.

"This is the *trash* which is tendered to *requite us* for our *sacrifices*, our *sufferings* and *privations*, while in the service of our country."

Mr. Pitkin, in his History of the United States, vol. 2d, pp. 154–5–6, says: "During 1775, bills of credit to the amount of $3,000,000 were issued by Congress. By new emissions, this sum was increased, at the close of the year 1778, to more than $100,000,000. Depreciation of this paper was the natural consequence of such large emissions. In January, 1777, Congress made it a tender in payment of public and private debts,"—[This, I think, is an error of Mr Pitkin]—"and a refusal to receive it was declared an extinguishment of the debt itself, and they thought proper to declare that any one who refused to receive it as gold and silver, should be deemed an enemy to his country.

"They also undertook to regulate the prices of property to be exchanged for this currency, but these extraordinary measures *tended to increase* rather than *diminish* the evil, and *the*

Made a tender by State Laws

bills still continued to depreciate rapidly. In September, 1779, the amount was increased to $160,000,000; Congress then declared that the amount should, on no account, exceed $200,000,000.

"They issued a circular stating the ability of the country to redeem them; that 'The pride of America would revolt at the idea of the non-payment of these bills.'

"They argued, in favor of paper money, that it was 'The only kind of money that could not take wings and fly away.'

"Notwithstanding the resolution, however, Congress increased the issue to $300,000,000, and, in March, 1780, called for their redemption at forty for one in exchange for *new bills.*

"In this year, however, they became of so *little value*, that they *ceased to circulate*, and *quietly died in the hands of their possessors.*"

Pitkin's History of the United States, vol. 2d, pp. 154–5–6.

The same facts are stated in Botta's History, vol. 2d, pp. 257, 286 and 363.

The experience of Buenos Ayres, between 1840 and 1847, adds another illustration of the fatal effects of a paper currency.

The paper emissions there depreciated to about ten cents on the dollar, and nearly every merchant in the country was ruined in consequence.

The experience of the country in continental paper during the Revolution, has a special and direct bearing upon the correct intepretation of the Federal Constitution.

As Mr. Webster states, in his speech in the Senate in 1832: "*We all know* that the establishment of a *sound* and *uniform* currency was one of the *greatest ends contemplated in the adop-* ...*he present Constitution.* If we could now fully explore

all the motives of those who framed, and those who supported that Constitution, perhaps we should hardly find a more powerful one than this."

Judge Story, also, in his Commentaries, details the calamitous experience of our country in paper money, during Colonial and Revolutionary times, as the reason why the issuance of bills of credit by the States was prohibited. (Story's Constitution, § § 1352–3–4, 1360–1, 1365–6, and notes.)

The same idea will be found advanced by other authorities, which will be hereafter cited.

Enough has been said as to the fraudulent and mischievous nature of an inconvertible paper currency, and its utter inutility for any beneficial purpose, and it is in the light of these principles, lying at the basis of all sound political economy, of these lessons afforded by the experience of our own and other nations, and in view of this concurrence of sentiment by those whose opinions are most deserving of respect, that we come to consider the question whether the Constitution confers upon Congress the power to make treasury notes, or bills of credit, a tender for private debts.

There are certain rules and maxims applicable to the interpretation of the Federal Constitution, which it may be well, first, briefly to advert to.

The Federal Government, to quote the language of Chief Justice Marshall, is acknowledged by all to be one of enumerated powers. McCullough *vs.* State of Maryland, 4 Wheaton, p. 316.

That it can exercise only the powers granted to it, is as he says, universally admitted. This rule of construction of the Federal Constitution, first judicially declared by Chief Justice Marshall, (himself a Federalist,) has been sanctioned

by all the eminent men of all parties who participated in framing the system, and have shared in its administration.

The 8th section of the first article contains the definition of the powers granted to Congress, among which are the powers to "borrow money on the credit of the United States," and "to coin money and regulate its value," and closes with empowering it "to make all laws which shall be necessary and proper to carry into execution the foregoing powers."

The last clause, it will be conceded, neither enlarges nor restricts the powers enumerated, for as Mr. Hamilton remarks in the thirty-third number of the *Federalist*, in speaking of this clause, and of the clause asserting the supremacy of the Constitution and laws of the United States, "These clauses are only declaratory of a truth which would have resulted by necessary and unavoidable implication from the act of constituting a Federal Government, and clothing it with certain specific powers."

Judge Story expresses the same idea in his Commentaries. Story's Const., (abridged) § 602.

No loose and latitudinarian construction of this clause, therefore, can add to the power of Congress. The Constitution with it is the same as it would be without it.

The cases cited by respondents' counsel upon the nature of our Federal system, and the rules applicable to its construction are familiar to the Court and the profession, and might with equal propriety be cited on either side of this case.

"The Constitution of the United States is a grant, not a limitation of power; Congress can exercise no power not expressly delegated." Sedgwick, p. 589; 11th Peters, p. 316.

"It is to receive a reasonable interpretation of its language, and its powers, not *straining* its words beyond their *common*

and *natural sense ;* but giving their exposition a fair and just latitude, taking into view the *antecedent* situation of the country, and its institutions, *cotemporary history*, *cotemporary interpretation*, and *practical exposition*," (that is, the practice of the Government.) (Quotations from Judge Story, Sedgwick, p. 587.)

"The Government, then, of the United States, can claim no powers which are not granted to it by the Constitution, and the powers granted must be such as are expressly given, or by necessary implication. The words are to be taken in their *natural* and *obvious* sense, and not in a sense unreasonably *restricted* or *enlarged*."

(Chief Justice Marshall, in Martin *vs.* Hunter's lessee, 1st Wheaton, 305 and 326, cited in Sedgwick, p. 591)—"As men whose intentions require no concealment generally employ the words which most directly and aptly express the ideas they intend to convey, the patriots who framed our Constitution, and the people who adopted it, must be understood to have employed words in their *natural* sense, and to have *intended what they said*."

Gibbons *vs.* Ogden, 9th Wheaton, 188.

In the construction of a contract, or statute, or a Constitution, the propriety of this latter rule is manifest. The first inquiry should always be, What is the *natural* and *ordinary* meaning of the language?

Other rules and maxims will be referred to, in discussing the clause relied upon by Mr. Hastings.

The language of this clause is, "Congress shall have power to coin money, regulate the value thereof, and of foreign coin." Art. 1, § 8.

Upon this clause alone, Mr. Hastings, who argued this cause for the defendants in the District Court, rested the Constitutionality of the provision making treasury notes a legal tender.

We have here two words, "coin" and "money" coupled together.

Probably no man in the world, guided by plain common sense, apart from all legal subtleties, would ever dream of defining the phrase to mean anything but the preparation of the precious metals to circulate as money by that process called "coinage." On this point the unbiased verdict of the mass would be unanimous.

The nouns, "coin" and "coinage," and the verb "to coin," have the same import, and convey the same idea.

The three words have each a literal and natural meaning, and also one that is figurative, poetical and metaphorical.

When applied to money, they refer exclusively and invariably to metals.

It was admitted upon the argument in the District Court, that the noun "coin" signified metallic money, and nothing else; but it was contended that the verb "to coin" was not so restricted, and that its meaning could be enlarged, as is attempted to be shown in respondents' brief.

The respondents' counsel, in this admission, however, conceded away his whole argument, for the poetical and metaphorical definition of the noun "coin," in Webster, as "that which is received in payment," gives the noun as extended a figurative meaning as the verb.

The truth is, the noun and the verb have precisely the same force and effect when applied to the currency, and the attempt to draw a distinction between them, only exposes the fallacy of the respondents' argument.

The primary meaning of the word "coin," was the steel die used in stamping the figures upon the metal to prepare it for circulation, and hence the term came to be applied to the metal itself.

The noun "coinage," signifies both the art of stamping the metal, and also the entire metallic currency of the State.

The verb "to coin," signifies simply and solely, the stamping of metal, to prepare it for use as money. There is, as before remarked, a metaphorical and figurative sense in which the word is used, as to "coin a word," or the "coinage of the brain," in Shakspeare, and "to coin an excuse or a lie," conveying the idea of fabrication, invention or forgery; these uses, however, of the word, have no reference to its literal, legal definition and meaning.

The argument of the respondent is really to the effect that the framers of the Federal Constitution used the word in its metaphorical and hyperbolical sense.

That the verb "to coin," metaphorically used, means "to invent," "forge or fabricate," is undoubted; but these figures of speech are not conveyed in the term when applied to money. Since the Act of Congress was passed, thousands of contracts in this State, have been made payable in "current coin."

Is this expression equivalent to current inventions, forgeries, or fabrications, or current paper issues?

The latest, and probably the best, authority on this subject, "The New American Encyclopedia," gives not the least color to the use of the word "coin" in any such sense as that contended for by respondent. It defines "coin" to be "metallic money," "specie," "pieces of *metal* bearing certain marks, &c.," and this is the only definition hinted at in a long article of several pages.

Webster, in defining the noun coin, defines it to be, "1st. Money stamped, a piece of metal, as gold, silver, copper or other metal converted into money by impressing on it certain figures, &c.; 2d A die in architecture; 3d. That which is received in payment, as 'The loss of present advantage to flesh and blood is repaid in a nobler coin.'"

The figurative use of the word in the last definition is made apparent by the example. So in defining the verb "to coin," the definitions in Webster are given as follows:—

"1st. To stamp a metal and convert it into money."

"2d. To make or fabricate for general use, as "to coin words."

"3d. To make, forge or fabricate, in an ill sense, as to *coin* a lie, to *coin* a fable."

The above are all the definitions given by Webster, and they give not the least countenance to the use of the word contended for by the respondent.

Richardson, in defining the word to signify, "An iron seal with which the metal is stamped, and hence money is called coin," gives the other definition, "To coin (met.), is to forge, to invent." The abbreviation in parenthesis shows that the use of the word is purely metaphorical.

Bouvier, in his Law Dictionary, defines it to be, "A *piece of gold, silver, or other metal* stamped by authority of the Government, to determine its value, commonly called money."

Burrill's Law Dictionary does not give the word.

It is safe to assert that in the whole range of English literature, no single instance can be produced of the word "coin" being used in connection with money to signify anything but a piece of metal stamped as defined by Bouvier.

In Rees' Cyclopedia, Vol. IX, Tit. "Coin," after saying that coin is a piece of tempered steel used as a die, the author defines "coin" "to be more generally used for a piece of metal stamped with certain impressions to give it a legal and accurate value, and to serve as a guaranty for its weight and purity. Coin differs from money as the species from the genus. Money is any matter to which public authority has affixed a value, and which serves as a circulating medium, whether metal, paper, leather, shells, &c., but coin is a particular species of money, *always made of metal*, and struck according to a certain process."

Dr. Johnson, in his day, does not seem to have suspected that money signified anything but a metallic currency. He defines "coin" to be "money stamped with a legal impression," and "money" to be, "metal coined for the purpose of commerce."

Worcester defines "coin" to be "a piece of metal bearing a legal stamp, and made current as money," and then gives its metaphorical and poetical use as "that in which payment is made."

In Homan's Cyclopedia of Commerce, the definition is, "coins," "pieces of metal most commonly gold and silver, or copper, impressed with a public stamp, and frequently made a legal tender in payment of debts."

In the English Cyclopedia, part "Arts and Sciences," Vol. III, the definition is, "coin," "metal stamped for currency."

In the Encyclopedia Britannica, the definition is, "coin," "a piece of metal converted into money by the impression thereon of certain marks, or figures. Coin differs from money as the species from the genus."

In the National Cyclopedia the definition is, "Metal stamped for currency."

Chambers Information for the People (vol. ii., p. 264,) has an article under the title of "Coined Money," the whole of which is devoted to *metallic*, as distinguished from *paper* currency. The entire article assumes that "coined money" is metallic money and nothing else, and the author does not consider it necessary even to define the phrase, but treats the subject as though a definition were superfluous.

In McCulloch's Commercial Dictionary the definition is, "Pieces of metal, most commonly gold, silver, or copper, impressed with a public stamp, and frequently made a legal tender."

Against this unbroken array of authorities, can it be pretended that "coin" means paper money, and coinage signifies the emission of Treasury notes? yet this is the position assumed by the respondent.

Indeed, the proposition that "coining money" and regulating its value, can be construed to include the printing or engraving of Treasury notes, and making these securities a legal tender, shocks one's common sense. Such distortion of language would make a Constitution mean anything and everything that human fancy could conceive.

Upon the etymology and proper meaning of the nouns, "coin" and "coinage," and the verb "to coin," it would be quite sufficient to solicit the inspection by the Court of the various works from which respondent's counsel has extracted *fragments* of the definitions of these words, in order to see at once by the *whole* of the definitions, and the *examples given*, the impossibility of distorting the phrase used in the Constitution to include any kind of paper currency. For example: in the first definition, from Webster, the counsel omits a portion. That author, in defining the verb "to coin," gives the

exact language above quoted, a portion of which is omitted by respondent's counsel; and the reference by Webster, under the second definition, is to Shakspeare, and under the third, to Hudibras and Dryden, showing the poetical and figurative sense in which the word is used to signify "fabrication." A comparison of the definitions will illustrate the idea by showing what is omitted in the counsel's quotation.

So, in the same author, the quarto edition of 1856 does not give the definition as primarily "striking," "impressing," "im printing," "money," which is quoted by Mr. Hastings. He may have found it in some other edition to which I have not had access.

The word "coinage," of which Mr. Hastings gives one definition from Webster, the example under which he omits, is thus defined in that author:

1st.—"The act, art or practice of stamping *metallic* money."

5th.—"A making, new production, formation, as the '*coinage of words*.'"

6th.—"Invention, forgery, fabrication"—quoting, under the last head, the phrase, "coinage of the brain," from Shakspeare.

The definition of the noun "coin," by Webster, is given above.

So, in the other authors cited by the respondent's counsel, the whole definitions and examples are not given by him.

Worcester defines the verb "to coin," to convert into money, as "a piece of metal by a legal stamp, as, 'this gold was sent to the mint to be coined;' to fashion or form by stamping, as coining medals: to invent, to fabricate—(used in an ill sense)."

The definition of the noun, by Worcester, is given above.

The reference to "Roget's Thesaurus," by the respondent's counsel, seems to be to show that the author cited defines the verbs "to coin," "to constitute," "to create," "to fabricate," etc., as *synonymous*—indeed, that is the statement. This is not so. The author is simply giving instances of various verbs, which convey the idea of "power in operation," in various forms, and as applied to various and diverse subjects. There is no definition at all of the verbs beyond this.

To illustrate this, the whole extract is given as follows:

Under the title, "Power in Operation," he specifies the verbs "to produce, effect, perform, operate, do, make, gar, form, construct, fabricate, frame, manufacture, weave, forge, coin, carve, chisel, build, raise, edify, rear, erect, put together, set up, raise up, establish"—(p. 46, art. 161).

It would require some hardihood to pretend that these terms are synonymous, or definitions of each other, and the citation by the respondent's counsel is more to be commended for its *ingenuity* than its *ingenuousness*. "Weaving, building, chiseling, coining, operating and doing"—*money! !*

The same author, under the title, "Creative Thought" (p. 137, art. 515), gives the following examples: "To imagine, fancy, conceive, idealize, realize, dream of, fancy or picture to oneself, create, originate, devise, intend, coin, fabricate"—terms, the first of which, especially the words *fancy*, *imagine*, *idealize*, and *dream of*, might be appropriately applied to the *theory of constitutional exposition*, advanced by defendant's counsel on the subject of coining money.

It belongs rather to the domain of *fancy* than *fact*.

These last instances illustrate admirably the poetical and metaphorical use of the word "coin," which is so persistently

confounded by defendant's counsel wi
proper meaning of the word when applie

By reference to the article on "Coina
Britannica, it will be seen that, from the
there is not a syllable intimating the ap
to anything but metals, and it will suffice simply to request the attention of the Court to the articles on "Coin" and "Coinage," in the encyclopedias referred to, as giving the most conclusive answer to the argument upon the other side.

The word "money" is dwelt upon by the defendant's counsel at great length, but quite unnecessarily so. The word "money" at the present day is doubtless often used in ordinary language to signify any substance or thing employed as a circulating medium, or medium of exchange.

The word as formerly used was confined to metals, and the only definition of money given by Dr. Johnson, the first great lexicographer, as above stated, is, "metal coined for the purposes of commerce."

There is no doubt, however, that money at the present day is used among civilized nations to signify a medium of exchange, and it is equally true that the precious metals, among civilized nations, are the only basis of currency, and that bank notes acquire their character of money solely by being convertible into precious metals, at the will of the holder. The word money is derived by lexicographers from the Saxon word "mynet," Danish "myndt." signifying "mint," and as Mr. Noah Webster remarks: "Money and mint are the same word varied." The first definition given by this author as the primary meaning of the word "money" is "coin," "stamped metal," "any piece of metal, usually gold, silver or copper, stamped by public authority, and made a medium of commerce."

Then as a secondary meaning he says: "Bank notes or bills of credit, issued by authority, and *exchangeable* for *coin*, are also called money, as such notes in modern times *represent coin*, and are a substitute for it." Strictly speaking, there is nothing entitled to the term "money," except the precious metals, for the reason that nothing is received among enlightened nations, as a medium, except the metals, or obligations for their payment on demand, such as "Bills of Exchange," "Bank Notes," &c.

The latter are not, properly speaking, money, but mere promises to pay money, or orders for money, which would be worthless but for their convertibility into money.

The definition of money given by Worcester is precisely the same as in Webster, giving the primary meaning as "metals," and the secondary one as "Bank Notes, exchangeable for coin."

It is, indeed, a misnomer to apply the word money to any medium which is not convertible into coin, for such a medium neither contains the elements, nor accomplishes the ends of a currency.

It is to denominate that a circulating medium of exchange which will *not* facilitate or effect either foreign or domestic exchanges, and which will *not* circulate; to style that currency which is *uncurrent*, to call that *cash* which is nothing but *credit*.

Daniel Webster, in his speech delivered in 1815 on the National Bank (Webster's Works, vol. 3, p. 41) said: "The circulating medium of a commercial community must be that which is also the circulating medium of other commercial communities, or must be capable of being converted into that medium without loss.

"It must be able not only to pass in payments and receipts among individuals of the same nation, but to adjust and discharge the balance of exchanges between different nations.

"It must be something which has a value abroad as well as at home, by which foreign as well as domestic debts can be satisfied." "The *precious metals alone answer this purpose.*"

"They *alone*, therefore, are *money*, and whatever else is to perform the functions of money, must be their representatives and *capable* of being *turned* into *them* at will. *So long as Bank paper retains this quality, it is a substitute for money*; *divested of this, nothing can give it this character.*"

For the purposes of this argument, however, it might be safely conceded that the word money is susceptible of the most enlarged sense contended for by defendant's counsel.

The question is not, what in common language is the meaning of the word "money," but what is the import of the phrase "coining money," as used in the Federal Constitution.

It may be well here to correct a misapprehension of respondent's counsel on one point. He says that the appellant's counsel assumes the position that Congress cannot make the precious metals a legal tender. He is in error. It was stated on the argument in the District Court, that there was some reason for questioning the power; but that the power to coin money and regulate its value, afforded ground on which to base the right to make coin a legal tender.

Congress, in fact, has heretofore exercised this power concurrently with the States. Of course, no possible objection could be stated to granting such a power to both. This is, however, entirely irrelevant to the question before the Court.

The counsel states certain rules of constitutional interpre-

tation. One particularly dwelt upon is, that where a word used has a restricted and an enlarged sense it must be held to have been used in the latter.

This rule may be safely conceded, and if the word "money" were used *alone*, then the rule might be applied, and the argument would have some force, but unfortunately for its application there is a "restrictive" and qualifying term prefixed, which limits the general term. If there was a money of cloth, and one of glass, and the grant of power was, "to weave money," would any one doubt what kind of money was intended?

To illustrate and enforce the qualifying effect, which every man's judgment will instinctively give to the term "to coin," certain other rules and maxims of interpretation may be suggested.

The maxim "*Noscitur a Sociis*," (Broom's Legal Maxims, p. 450) (marg.) expresses the idea that the force and meaning of a word must be gathered from the words associated with it. The term money, in this case, as before remarked, must be expounded with reference to its antecedent and restricting word, "coin." "*Ex antecedentibus, et consequentibus, fit optima interpretatio.*" (Same author (marg.) p. 442.) "A passage will be best interpreted by reference to that which precedes and follows it." (See also same work, p. 529.)

These maxims are not more established in law than founded in common sense, and have a direct bearing upon the interpretation of the clause in question.

It seems almost too clear for argument, that every consideration of the history of the country; its calamitous experience of a paper currency; of cotemporaneous exposition, as evidenced by the debates in the Federal Convention, by the

opinions of Mr. Madison, Mr. Webster, and many others which might be cited; the uniform practice of the Government for nearly three quarters of a century, affording the strongest negative argument, the probable intent of the framers of the Constitution, arising from the intrinsic impolicy of all such measures; the rules and maxims of construction applicable to the Constitution; the force and effect of the terms used; the negative of any implication furnished by other clauses; judicial interpretation and authority, so far as we have any, and we have some in point; every consideration of public policy founded on the destructive results to business and trade, of an unstable and fluctuating inconvertible currency; in short, every argument and suggestion which could operate on the mind of a statesman, a patriot, a lawyer, or a man, each and all protest against the exercise by Congress of this power.

It is one not warranted by any reasonable construction of the Constitution, one not fit to be exercised by any Government, and one defeating its professed objects, and fatal in its effects to every interest on which the Government must in the end rely for means to sustain itself in the present struggle.

The ablest and best men in the Senate opposed the legal tender provision, Collamer, Fessenden, Cowan and others.

The vote upon striking it out was 17 to 22, a bare majority in its favor. Its practical effect is seen in a premium on gold of 50 to 60 per cent., that is, a depreciation of the paper of 33 to 36 per cent., a fine illustration of the alleged necessity of the provision.

The utter folly of the measure is well exposed by Mr. Lovejoy, of Illinois. (Page 791 of Cong. Globe.)

If the clause "to coin money" had been, "Congress shall have power to provide and regulate the currency," or "to create a circulating medium," or "shall have full power over the money and currency of the country," the counsel's exposition might be germane and pertinent, but the general term "money," being restricted by the word "coin," there is no basis for his theory, either in the letter or spirit of the phrase.

The respondents' counsel refers also to Parsons on Contracts, to show that words in Constitutions and Statutes, should be taken in a general, and not specific, a comprehensive, and not restricted, sense.

These references have no force when applied to the coinage clause, for the reason already given, that the term "to coin," has but one sense when connected with "money," and that sense excludes every species of money but metals. If the term "to coin" were susceptible of two constructions, one general and one specific, the case would be different, but "*Ex vi termini* it is *restricted always* when coupled with money, to the metals, and no other signification can be given to it without straining the word, not only beyond its natural and ordinary meaning, in violation of the first principle of construction, but giving it a meaning wholly foreign, and opposed to the idea embodied in it. A man who should speak of coining *cloth*, and coining *houses*, coining *china-ware*, and "*coining paper*," would subject himself to serious doubts of his sanity.

The argument against the construction sought to be put upon the etymology of the words, amounts to absolute demonstration, and we will pursue it no farther.

The clause, "to borrow money," not being relied upon, it is unnecessary to comment upon it, except to observe that the words "borrow" and "lend" signify voluntary action on the

part of the lender, and differ as widely from forced circulation by government of its paper, as the discount of a note does from robbery on the highway.

No respectable writer or lawyer has ever ventured to rest the power in question on the borrowing clause.

It is quite evident, from a consideration of the ruinous effects of an inconvertible paper currency, that the right to establish it, and force it into circulation, is the most comprehensive, far-reaching and despotic power which could be conferred upon a government—a power, the exercise of which could not be founded upon doubtful implication without doing violence to every principle upon which the Federal Constitution is founded.

It is a power not inferior in any respect to any power granted, and to imply it as resulting from others, would be to imply the greater in the less.

The logic which sustains the exercise of implied powers, sustains them as *means*, *agencies* and *instruments*, which are properly incident to the powers enumerated.

It is upon this principle, expressly, that Judge Marshall sustained the constitutionality of a National Bank, in the case in 4th Wheaton, (p. 316) cited by respondents' counsel, and urged by him as bearing upon the question before the Court.

The Chief Justice begins by reference to the practice of the Government as a settlement of the question:

"It has been truly said that this" (power to incorporate a bank) "can scarcely be considered an open question, entirely unprejudiced by the former proceedings of the nation respecting it."

He proceeds to observe, that—"The validity of the Bank charter has been recognized by several succcessive Legisla-

tures, and has been acted upon by the judicial department as a law of undoubted obligation."

To appreciate the force of these remarks, it is only necessary to reflect that the first Bank charter was signed by Washington in 1791, and continued in existence under Washington, Adams and Jefferson.

The second Bank charter was signed by Madison, in 1816, and the fiscal operations of the Government, to a great extent, conducted under both charters, from 1791 until 1819, when the question of their validity was raised for the first time in the Supreme Court.

Judge Marshall continues : "Although among the enumerated powers of the Government we do not find the word "bank" or "incorporation," we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, make war, raise and support armies and navies.

"*It can never be pretended that these vast powers draw after them others of inferior importance, merely because they are inferior; such an idea can never be advanced.*"

He then proceeds to argue and decide that an incorporated Bank is one of the necessary agencies for transferring, from remote points over the vast territory of the Union, the funds needed to carry on the various operations of the Government.

It may be well to remark, in passing, that the Supreme Court, in that case, did not invoke the clause empowering Congress "to coin money," as bearing in favor of the validity of the Bank charter, and do not seem to have suspected that this omnipotent power over the circulating medium (according to the respondent's counsel) gave Congress power to create banks and establishments for the fabrication of paper money.

This discovery was reserved for the politicians of the present day.

The question discussed in the cases cited by respondent was not the power of Congress to make paper money a legal tender, nor is there a syllable in those decisions, nor in any decision of the Supreme Court of the United States, or any other respectable Court, which looks toward an admission of such a power.

The whole question was as to the right of Congress to *create a corporation* for the purpose of aiding the Government in the execution of its powers. This right is treated in those decisions, and also in Judge Story's Commentaries, not as a power, but as a simple means or agency to assist in the execution of the powers of the Government.

This point is made very clear by Judge Story, (§§ 1257, 1258, 1262, etc.)

The same principle applies to the other instances cited by respondents' counsel.

The establishment of a military academy, for example, is an obvious and indispensable agency to train and qualify those who are to lead armies. Laying an embargo, if constitutional, is so, because it is a regulation of commerce.

It is upon the same ground that internal improvements for national objects are rested, and all such instances, though stoutly contested by a large portion of the people, have a foundation to rest upon without violating all reason and fair construction. To insist that there is any analogy between the use of such means and agencies and the exercise of this vast power of suppressing at a blow the only stable and reliable medium through which the business of thirty millions of people can be transacted, in all its complex movements, is a species of logic which it is difficult to treat with the least respect.

If Congress can make treasury notes a legal tender, then it can the paper of the New York banks, or Arkansas bonds, or the obligation of any private association or individual.

It is not necessary, however, to rest the case upon negative construction, for the Constitution itself specifies the power to make paper money a tender as a distinct and separate one from either the power to emit bills or to coin money.

In section 10 of article 1 the States are prohibited from the exercise of certain powers specified, some of which are expressly granted to Congress and some withheld.

Among the powers specified in that section are, the powers "to coin money," "to emit bills of credit," "*to make anything but gold and silver coin a tender in payment of debts*," "grant letters of marque and reprisal," "enter into treaties," etc.

Of the powers specified, the Federal Executive is allowed the power to enter into treaties.

Congress is allowed the power to coin money, and to grant letters of marque, but the power to make anything but gold and silver a tender in payment of debts is carefully withheld.

It cannot be pretended that the Convention supposed this power involved in the power to coin money, because, then, there would have been no necessity to specify it, and. after specifying it as a power separate from the power to coin money, it would most certainly have been enumerated among those granted, if it had been the design that Congress should ever exercise such a power. This conclusion seems inevitable. The prohibition of the States to exercise such a power was necessary, for otherwise, the States might have exercised it; but to authorize Congress to exercise it required an express grant, especially after the prominence given it among the powers prohibited to the States.

The Convention, having singled it out as an independent power, the exercise of which by the States was prohibited, and then, having declined to confer it upon Congress, there is no possible sophistry that can justify the latter in its exercise. It is too clear to require argument, that, where any power is enumerated in the Constitution, and not granted to Congress, it is impossible for that body to exercise it without doing violence to rules of construction universally recognized and established.

The Supreme Court of the United States, in Craig *vs.* State of Missouri, (4th Peters, 411 and 423–4,) held that "The Constitution considers the emission of bills of credit, and the enactment of tender laws as distinct operations, independent of each other, which may be separately performed. Both are forbidden."

Judge Story uses the same language (Story's Const., § 1359). The reason assigned is, that these powers are separately enumerated.

We have, therefore, the highest authority, that the emission of bills of credit, and the making them a legal tender, are distinct powers in the Constitution, and on the same ground *a fortiori*, the power to coin money is distinct from either and from both. The case above cited, with others decided by the same Court, will be referred to hereafter. The fact, also, that the States are prohibited from making anything but coin a tender, is evidence that no other Federal currency was contemplated, for if the Government can issue paper money, and make it a tender, it would have been no more objectionable for the States to make the Government issues a tender, than to make the Government coin a tender. The very prohibition shows that the framers of the Constitution did not contem-

plate any Federal currency except a metallic one, and *this* the States were not prohibited from sanctioning.

It may be well said, moreover, that the phrase "to regulate its value" contemplates action in reference to some substance, which has an *intrinsic* value, that it does not import a *creation*, but a *regulation* of a value previously existing, and independent of legislative power—the securing simply of *uniformity* in the value, and not the fabrication of the value itself. This suggestion is by no means without its force.

To denominate an issue of inconvertible Government paper a "regulation of the value of coined money," might rank high as a *witticism*, but is hardly worthy of serious consideration when gravely advanced as argument.

The next subdivision of Section 8 of Article 1st, authorizes Congress to provide for the punishment of counterfeiting the "securities and current coin" of the United States. Now under which class do these treasury notes fall, securities or current coin?

The defendants' counsel concedes that they are not coin. Will he then argue that the term securities includes paper money? Does the word *securities* have any reference whatever to currency? Of course not.

The legal import of the term is, bonds, or obligations for the *payment of money*, not money itself.

Worcester defines securities, "Anything given as a pledge, as for the payment of a debt, or the performance of a contract."

It is quite evident that the framers of the Constitution, in using the term *securities*, had no reference to currency, and that the phrase "current coin" comprehended all that Congress had power to make a medium of exchange.

A slight examination of the statute under which these notes were issued, will show that the author of this very act repeatedly recognizes the difference between "printing and engraving notes," and "coinage," and between "coin" and "securities."

The first section of the Statute (Acts of 2d Session, 37th Congress, page 345,) authorizes the Secretary of the Treasury to *issue* (not to *coin*,) treasury notes to the amount of $150,-000,000, &c., which notes shall be receivable for all claims against the United States, except interest on bonds and notes, which shall be paid in *coin*, &c., and such notes shall be received the same as "*coin*" at their par value in payment for loans, &c."

The 2d Section authorizes the Secretary to issue bonds and dispose of them at the market value for *coin* of the United States, &c.

The 3d Section provides for engraving (not coining) the United States notes and bonds authorized, and imprinting upon them a copy of the seal of the Treasury Department, &c.

Section 5th provides that duties on imports shall be paid in *coin* or *demand notes* previously issued, and shall constitute a fund for the payment in *coin* of interest on bonds and notes, &c.

Section 6th provides for punishing all persons guilty of counterfeiting or altering any *note*, bond, coupon, or *other security*, *issued* (*not coined*) under the authority of the Act, or guilty of passing, or attempting to put into circulation, any false or counterfeit *note*, *bond*, coupon or *other security*, thus applying the term security to these Government notes, a term never properly applied to that which is *cash* or *money*.

Section 7th enacts a penalty for having in one's possession the plates from which any of the notes, bonds, coupons, or *other securities*, have been *printed* (*not coined*), and also for engraving plates designed for *printing* such *notes*, bonds, or *other securities*, &c., &c.

If the Act had used the phrase "*coining*" such notes, or "*other securities*," instead of issuing and printing them, it would have been a most absurd use of language, and the very involuntary and natural choice of expressions in the statute enacted to force these Government securities into circulation conclusively repels the theory of the defendants' counsel, that the phrase "coining money," signifies and includes *printing* notes and bonds, and *other securities*.

A perusal of the act of Congress will furnish as good an illustration of the distinction between "*money*," and "*securities*," and between "issuing," "printing" and "engraving" notes, and "*coining money*," as could be found in any legislation on the subject.

The uniform practice of the Government long acquiesced in, is a practical exposition justly entitled to respect, as Judge Story declares. It was the first argument stated by Judge Marshall in favor of the constitutionality of the Bank charter.

Upon the validity of the provision under discussion, a powerful negative argument against it is derived from this source.

The Government has existed now for nearly three quarters of a century, through periods of war, of commercial revulsions and financial derangements, but has never before claimed or exercised this power. In 1812, an emergency existed little if at all inferior to the present, in which, if ever, its exercise was expedient; but Congress has never before claimed the

right to substitute Government paper for gold and silver in the business transactions of the people. In the journals of Congress we find but one instance, prior to the last year, of a proposition to make Treasury notes a legal tender.

On the 12th of November, 1814, at a period of the war with Great Britain when there was most desperate need for funds, Mr. Hall, of Georgia, introduced into the House of Representatives a series of five resolutions.

The first directed an enquiry into the expediency of authorizing the Secretary of the Treasury to issue —— millions of Treasury notes, convenient for circulation, &c.

The second resolution was to the effect "That the Treasury notes which may be issued as aforesaid shall be a legal tender in all debts due or which may hereafter become due between the citizens of the United States, or between a citizen of the United States and a citizen or subject of any foreign state or kingdom."

The third resolution provided for the purchase of as much supplies in each State and district as the amount of taxes levied therein. The fourth authorized the exchange of notes for six per cent. bonds, and the fifth pledged taxes, imposts, duties and proceeds of public lands, for the redemption of the notes. After some remarks by Mr. Hall, the question on the consideration of the resolutions was taken separately.

The House agreed to consider the 1st, 3d, 4th and 5th resolutions, but *refused* to *consider* the 2d, (the *legal tender one*) by a vote of 42 in favor and 95 against.

Among the negative votes was that of Daniel Webster, then a member of the House.

[Benton's Abridg't, vol. 5th, p. 361; see, also, Annals of Congress.]

This is the only recorded instance in the history of the Government, of any attempt to make Treasury notes a forced medium of exchange, and this is the reception which it then met with:—*A refusal even to consider it, by a vote of more than two to one.*

If Congress can make paper a legal tender, it can of course prohibit the discharge of a debt by gold and silver. Suppose then, Congress should enact that gold and silver should not be legal tender, and the State of California should nevertheless declare that gold and silver *should be* a legal tender, which enactment would prevail? The Federal Constitution provides that "no State shall make anything but gold and silver coin a tender in payment of debts," thereby affirming that any State may make gold and silver coin a tender. Would then State legislation in exact accordance with the Federal Constitution be invalid?

This could not be; and again, the right of the States to make gold and silver coin a tender involves the right to prohibit the making anything else a tender, for the only restriction upon the power of the States is that they shall not make anything but gold and silver coin a tender. They are not restricted from *confining* the tender to gold and and silver coin, but are by necessary implication allowed to do so. This is another fatal objection to respondents' theory.

The Latin maxim, "*Contemporanea expositio est optima et fortissima in lege,*" (Broom, p. 532,) expresses a rule of construction venerable for its antiquity, and founded in plain reason.

Cotemporaneous exposition is admitted by all jurists to have a prominent place in the construction of any ambiguous phrase in a statute. or a constitution,

That the rule is not palatable to the counsel for the respondent is not singular, for it utterly demolishes his theory of constitutional interpretation.

The framers of the Constitution understood its scope and intent, and, if their opinions can be ascertained expressed at the time of its formation, it will be admitted that their judgment is authoritative and conclusive.

The members of the Convention of 1787 were not only the purest patriots, but some of them the greatest men our country has produced. They expended weeks of painful labor in perfecting its phraseology, and making its provisions clear and exact.

The original draft of the Constitution, as found in the 5th volume of Elliott's Debates, on page 378, contained the following clause in what is now Section 8 of Article 1: "To borrow money and emit bills on the credit of the United States."

On the motion of Gouverneur Morris to strike out the words "emit bills," a debate occurred, which will be found on pages 434 and 435 of the same volume, and which sets the matter so completely at rest that I extract the whole of it:—

"*Mr. Gouverneur Morris* moved to strike out 'and emit bills' on the credit of the United States.

"If the United States had credit, such bills would be unnecessary; if they had not, unjust and useless.

"*Mr. Butler*—Seconds the motion.

"*Mr. Madison*—Will it not be sufficient to prohibit the making them a tender? This will remove the temptation to emit them with unjust views; and promissory notes in that shape may in some emergencies be best.

"*Mr. Gouverneur Morris*—Striking out the words will leave room still for notes of a responsible minister, which will do

all the good without the mischief. The moneyed interest will oppose the plan of government, if paper emissions be not prohibited.

"*Mr. Gorham* was for striking out without inserting any prohibition. If the words stand, they may suggest and lead to the measure.

"*Mr. Mason* had doubts on the subject. Congress, he thought, would not have the power unless it were expressed. Though he had a mortal hatred to paper money, yet, as he could not foresee all emergencies, he was unwilling to tie the hands of the Legislature. He observed that the late war could not have been carried on, had such a prohibition existed.

"*Mr. Gorham*—The power, as far as it will be necessary or safe, is involved in that of borrowing.

"*Mr. Mercer* was a friend to paper money, though in the present state and temper of America, he should neither propose nor approve of such a measure. He was consequently opposed to a prohibition of it altogether. It will stamp suspicion on the Government, to deny it a discretion on this point.

"It was impolitic, also, to excite the opposition of all those who were friends to paper money.

"The people of property would be sure to be on the side of the plan, and it was impolitic to purchase their further attachment with the loss of the opposite class of citizens.

"*Mr. Ellsworth* thought this a favorable moment to shut and bar the door against paper money.

"The mischief of the various experiments which had been made, were now fresh in the public mind, and had excited the disgust of all the respectable part of America.

"By withholding the power from the new Government, more friends of influence would be gained to it, than by almost anything else.

"Paper money can in no case be necessary.

"Give the Government credit, and other resources will offer. The power may do harm, never good.

"*Mr. Randolph*, notwithstanding his antipathy to paper money, could not agree to strike out the words, as he could not foresee all the occasions that might arise.

"*Mr. Wilson.*—It will have a most salutary influence on the credit of the United States to remove the possibility of paper money.

"This expedient can never succeed while its mischiefs are remembered, and as long as it can be resorted to, it will be a bar to other resources.

"*Mr. Butler* remarked that paper was a legal tender in no country in Europe. He was urgent for disarming the Government of such a power.

"*Mr. Mason* was still averse to tying the hands of the Legislature altogether. If there was no example in Europe, as just remarked, it might be observed on the other side, that there was none in which the Government was restrained on this head.

"*Mr. Read* thought the words, if not struck out, would be as alarming as the mark of the beast in Revelation.

"*Mr. Langdon* had rather reject the whole plan, than retain the three words "and emit bills."

On the motion for striking out, New Hampshire, Massachusetts, Connecticut, Pennsylvania, Delaware, Virginia, North Carolina, South Carolina, Georgia.—*Ayes* 9.

New Jersey, Maryland.—*Noes* 2.

The clause for borrowing money was agreed to *nem con.* Adjourned.

To this report the editor adds the following note :

"This vote in the affirmative by Virginia, was occasioned by the acquiesence of Mr. Madison, who became satisfied that striking out the words would not disable the Government from the use of public notes, as far as they could be safe and proper, and *would only cut off the pretext for a paper currency, and particularly for making the bills a tender, either for public or private debts.*"

The Convention, therefore, out of abundant caution, struck out the clause "to emit bills," and this debate sheds a flood of light on the intent of the framers of the Constitution, and as a cotemporaneous exposition is justly entitled to the greatest deference.

In the same volume (5th of Elliott's Debates, p. 484,) "A debate occurred on the motion of Mr. Sherman, that the prohibition against making anything but gold and silver a tender, and against the emission of bills by the States should be absolute, instead of permitting the exercise of these powers by the States with the consent of Congress, as in the original draft of the Constitution, which shows the fixed determination of the Convention to embrace (in the language of Mr. Sherman,) the opportunity of "*crushing paper money.*"

The vote on the motion was, eight States opposed to allowing the issuance of bills, or the making anything but gold and silver a tender, by any State, (*even with the consent of Congress,*) one State in favor and one divided.

On the 27th day of January, 1788, the distinguished, but eccentric, Luther Martin, a delegate to the Convention of 1787, from the State of Maryland, addressed a letter to the

Speaker of the House of Delegates, of that State, giving a sketch of his remarks before the House, in opposition to the ratification by Maryland of the Federal Constitution. (Elliott's Debates, 1st Volume, pp. 344–369–376.) In the course of those remarks, among the various objections urged by him against the Constitution, he says:

"By our original articles of confederation, the Congress have power to borrow money and emit bills of credit on the credit of the United States, agreeable to which was the report on this system as made by the committee of detail. When we came to this part of the report a motion was made to strike out the words "*to emit bills of credit.*"

Judge Martin then details the arguments used by himself and those who agreed with him, against depriving Congress of the power to issue paper money. He then says, (p. 370): "But, sir, a majority of the Convention being wise beyond every event, and *being willing to risk any political evil rather than admit the idea of a paper emission in any possible case, refused to trust this authority* to a government to which they were lavishing the most unlimited powers of taxation, and they erased that clause from the system."

In another part of this celebrated letter, (p. 376), he says: "By the tenth section every State is prohibited from emitting bills of credit—as it was reported from the committee of detail, the States were only prohibited from emitting them without the consent of Congress, but the *Convention was so smitten with the paper money dread*, that they insisted the prohibition should be absolute.

It was my opinion sir, that the States ought not to be totally deprived of the right to emit bills of credit, and that as *we had not given an authority* to the General Government for that *purpose*, it was the more necessary to retain it in the States."

He proceeds to specify the arguments which he presented, in vain, as he says, against making the prohibition absolute; reasons which strike us as peculiarly absurd, in the light of past experience.

A perusal of the Federalist, numbers 42 and 44, will show how far Mr. Madison, Mr. Hamilton and Mr. Jay were, from suspecting that the power "to coin money" had any reference to paper issues. In the 44th number paper money is thus characterized:

"The loss which America has sustained since the peace, from the pestilent effects of paper money on the necessary confidence between man and man; on the necessary confidence in the public councils; on the industry and morals of the people, and on the character of Republican Government, constitutes an enormous debt against the States, chargeable with this unadvised measure, which must long remain unsatisfied; or rather an accumulation of guilt, which can be expiated not otherwise than by a voluntary sacrifice, on the altar of justice, of the power which has been the instrument of it."

If cotemporaneous exposition has the least weight as a rule of construction, there is an end of the question, for no one can refer to the sources above cited without an irresistible conviction, that the intention to grant the power under consideration, was as far as possible from the minds of the framers of the Constitution.

On the other hand, not one syllable can be produced from any writer, or from any cotemporaneous source whatever, indicating that Congress could, under any circumstances, make Government paper a tender in payment of debts.

The respondent's counsel seeks to decry the influence of cotemporaneous exposition, and cites the case of Leese *vs.*

Clark, decided by this Court at the last July term, apparently to argue from it that the letter of the Statute alone is to be consulted, and that cotemporaneous exposition is never to be resorted to.

That the case referred to conveys no such idea, and justifies no such inference this Court is well aware.

Where the words of a Statute or Constitution are clear and unambiguous, there is no occasion to resort to external aids to arrive at the intent. The words used are the first and best guide. It is where the language is doubtful, that cotemporaneous exposition is resorted to with other means to explain the intent.

In the case of Leese *vs.* Clark, this Court simply says that the individual opinions of members of one branch of the Legislature are not to be permitted to contradict the text, or modify the meaning, when the language is plain. But to construe the expressions in that opinion as a declaration against resorting in any case to cotemporaneous exposition, to explain doubtful passages, is wholly unwarrantable.

The appellant of course insists that, by no possible construction, is the coinage clause capable of conveying the meaning sought to be extracted by the respondent, and that the phrase is therefore neither doubtful nor ambiguous; but upon the respondents' theory that there is a doubt as to the meaning, it becomes proper to resort to cotemporaneous exposition, with other aids of interpretation; and it is much more proper to fortify the plain significance of the clause by this means.

We are told by one of the earliest and best authorities, that "great regard ought, in construing a statute, to be paid to the construction, which the sages of the law who lived about

the time or soon after it was made, put upon it, because they were best able to judge of the intention of its makers."—(Bacon's Abr., 9 vol., Tit. statute, I No. 5, p. 246, and authorities cited.)

Every writer on constitutional or statutory construction, refers to this as one of the main elements of determining the true meaning of doubtful passages.

Smith, in his commentaries, gives an excellent statement of the office of contemporaneous exposition, quoting Lord Coke, whose exact language is given above, and refers also to the propriety of considering the history and circumstances of the country, the history of legislation on the particular subject, with contemporaneous practice, and the opinions of authors who wrote at the time or soon after the passage of the law: Smith's Com., p. 739; 2d, Coke' Inst., 11, 136, 181.

The Supreme Court of Massachusetts, in Packard *vs.* Richardson, (17th Mass., p. 144) says: "A contemporaneous is generally the best construction of a statute. It gives the sense of a community of the terms made use of by the Legislature. If there is ambiguity in the language, the understanding and application of it, when the statute first comes into operation, sanctioned by long acquiescence on the part of the Legislature and judicial tribunals, is the strongest evidence that it has been rightly explained. A construction under such circumstances becomes established law, and after it has been acted upon for a century, nothing but legislative power can effect a change."—(2d Mass. 477, 8.)

The Supreme Court of the United States have in several cases referred to the force of contemporaneous exposition in construing doubtful passages.—(1st Cranch, 299; 1st Wheaton, 304.)

In 6th Wheaton, 264 (Cohens *vs*. Virginia), Chief Justice Marshall, delivering the opinion of the Court, says: "Great weight has always been attached, and very rightly attached, to contemporaneous exposition. The opinion of the Federalist has always been considered as of great authority. It is a complete commentary on our Constitution, and is appealed to by all parties in the questions to which that instrument has given birth. Its intrinsic merit entitles it to this high rank, and the part two of its authors performed in framing the Constitution, put it very much in their power to explain the views with which it was framed."

The Chief Justice remarks further that the essays of the Federalist were published while the Constitution was before the people for adoption, which adds to its authority, and refers to a concurrence of sentiment by legislators, statesmen and judges, as entitled to great weight in settling the true meaning of any clause.

Innumerable cases might be cited, of a resort by courts to contemporaneous exposition in construing statutes, and the counsel for the respondent misapprehends entirely the remark of the court in Leese *vs*. Clark. The substance of the rule there stated is, that where the language is clear it is inadmissible to resort to the expressed opinions of members of the Legislature; and further, that in a legislative body composed of two branches, the opinions of members of one branch only, are entitled to little weight.

The rule stated in Leese *vs*. Clark on the facts and circumstances of that case is in harmony with reason, but neither conveys, nor was designed to convey, the idea that contemporaneous exposition was not a proper resort, and in some cases indispensable, to explain a doubtful passage.—1st Kent, p.

464, and notes; 3d Pickering, 518; 15th Mo., 388 and 453; 7th Johnson, p. —.

In a body composed of two branches, the members of one may understand a clause differently from members of the other; but the Convention of 1787 was one.

It is true also that contemporaneous exposition, to be potential, must be concurrent.

The conditions are all fulfilled in the case of the clause under consideration.

Although to proceed farther with the argument against this legal tender provision seems like the performance of needless labor, so perfect is the demonstration already, it still remains to review, as briefly as possible, a number of authorities, all concurrent and conclusive against the power of Congress to make Treasury notes a tender in payment of debts.

Judge Story's remarks on the subject have been already referred to, and can be found at large in his Commentaries, in which (Sections 1352–3–4, 1358 *et seq.)* he discusses the subject at length.

The authority of no Statesman ought to be more potential on this question than that of Mr. Webster, for various reasons, especially his pre-eminent ability as an expounder of the Constitution, and his freedom from all bias in favor either of hard money, or of a too strict construction.

In a speech in the United States Senate, on the specie circular, December 21st, 1836, (Webster's Works, Vol. 4, p. 271,) he says: "But if we understand by currency the legal money of the country, that which constitutes a legal tender for debts, and is the statute measure of value, then undoubtedly nothing is included but *gold and silver*.

"Most unquestionably there is *no legal tender*, and there CAN BE NO LEGAL TENDER IN THIS COUNTRY, UNDER THE AUTHORITY OF THIS GOVERNMENT, OR ANY OTHER, BUT GOLD AND SILVER, either the *coinage* of our own mints, or *foreign coins, at rates regulated by Congress.* This is a *Constitutional principle, perfectly plain,* and of the *very highest importance.*

"The States are expressly prohibited from making anything but gold and silver a tender in payment of debts, and although no such express prohibition is applied to Congress, yet, as Congress has no power granted to it in this respect, but to coin money, and to regulate the value of foreign coins, it clearly HAS NO POWER TO SUBSTITUTE PAPER OR ANYTHING ELSE FOR COIN, AS A TENDER IN PAYMENT OF DEBTS, AND IN DISCHARGE OF CONTRACTS.

"It has coined money and still coins it. It has regulated the value of foreign coins, and still regulates their value. The legal tender, therefore, the Constitutional standard of value, is established, and cannot be overthrown.

"To overthrow it would shake the whole system.

"I have already said that Congress has never supposed itself authorized to make anything but coin a tender in payment of debts between individuals and individuals, but it by no means follows from this that it may not authorize the receipt of anything but coin in payment of debts due to the United States."

In his speech of 1832, on the bill for renewing the Bank Charter, Mr. Webster is equally explicit.

He said in the course of that speech, a paragraph of which is quoted above: "It cannot well be questioned that it was intended by that Constitution to submit the whole subject of the currency of the country, all that regards the actual medi-

um of payment and exchange, whatever that should be, to the control and legislation of Congress. Congress can alone coin money. Congress can alone fix the value of foreign coins. No State can coin money. No State can fix the value of foreign coins. *No State* (NOR EVEN CONGRESS ITSELF,) CAN MAKE ANYTHING A TENDER BUT GOLD AND SILVER IN THE PAYMENT OF DEBTS. No State can emit bills of credit." (Webster's Works, Vol. III, page 395.)

These repeated declarations of Mr. Webster, that Congress had no power to make paper money a tender, met with no denial from a single member of the Senate, and we have, therefore, his opinion fortified by that of all the great men who then occupied seats in that body, Mr. Clay, and a number of others.

These views Mr. Webster retained to the day of his death. They were the fixed opinions of his whole life, and were never changed.

Mr. Benton expressed himself to the same effect, though differing from Mr. Webster on other points. (Benton's Abridg., Vol. XII, p. 290.) He gives a condensed statement of the argument, which is worthy of perusal. Of all the great names which have illustrated American history, not one can be cited in favor of the exercise of this power by Congress.

The whole question under discussion has been, three several times at least, directly decided by the Supreme Court of the United States.

The cases of Craig *vs.* State of Missouri, 4th Peters, 410, 430–1–2–3, &c.; Briscoe *vs.* Bank of Kentucky, 11th Peters, 311, 312, 316, 317, &c.; Gwin *vs.* Breedlove, 2d Howard,

29, dispose of the question authoritatively, and the respondents' counsel shrewdly dismiss the cases without any notice, except a few words on the case in 2d Howard.

It would only be necessary to solicit the attention of the Court to the entire opinions in the cases, especially the opinion of the Court in the case in 11th Peters, to dispose of the whole question at once upon authority.

Before, however, commenting upon that case, it is thought proper to make some extracts from Chief Justice Marshall's opinion in Craig *vs.* State of Missouri, 4th Peters, on page 431.

"The clause of the Constitution which this act is supposed to violate, is in these words: 'No State shall emit bills of credit.'

"To emit bills of credit, conveys to the mind the idea of issuing paper to circulate through the community for its ordinary purposes as money."

The Chief Justice proceeds in the ensuing pages to dilate upon the evils of inconvertible paper money, and to give a historical review of its effects in the Colonies.

He delivers the opinion of the Court, that the certificates in question, issued by the State of Missouri, were in violation of the clause forbidding a State to "emit bills of credit," because the *certificates* were *intended* to *circulate as money*. Now, upon the theory of defendants' counsel, issuing these paper certificates to circulate as a currency, was "coining money;" but the entire opinion does not once hint that the prohibition "to coin money," prevents the issuance of the certificates in question.

The objection to the State law is rested solely upon the prohibition to "emit bills," thus conveying the strongest impli-

cation that the phrase "to coin money" has no reference to paper emissions.

The Chief Justice, in fact, declares, on page 432: "Bills of credit signify a *paper medium, intended to circulate between individuals* for the ordinary purposes of society. Such a medium has always been liable to considerable fluctuation. Its value is continually changing, and these changes, often great and sudden, expose individuals to immense losses, are the sources of ruinous speculations, and destroy all confidence between man and man.

"*To cut up this mischief by the roots, a mischief which was felt throughout the United States, and which deeply affected the interest and prosperity of all, the people declared in their Constitution that no State should emit bills of credit.*"

Now, according to the advocates of this legal tender clause, the people did not desire to *cut up this mischief by the roots*, but they designed to leave Congress at liberty, under the coinage clause, to perpetuate the mischief, and flood the country with irredeemable paper, whenever politicians chose to evade the responsibility of imposing taxes to sustain government credit.

Chief Justice Marshall, as before remarked, says, in effect, that the prohibition to "coin money" does not prevent the issuance of this paper currency, but the prohibition to emit bills of credit does prevent it.

Upon these points the counsel for defendant is at issue with Judge Marshall, and both, this Court and myself, will doubtless be excusable in a preference for the authority of the latter, especially when delivering the opinion of the United States Supreme Court. The history of paper money by the Chief Justice is commended to the perusal of the respondent's counsel.

In the same case, Judge Johnson remarks, on page 442–3, speaking of the denial to the States of the right to emit bills:—

"The great end and object of their restriction, on the power of the States, will furnish the best definition of the terms under consideration. The whole was intended to exclude everything from use as a *circulating medium, except gold and silver*, and to *give to the United States the exclusive control over the coinage* and *valuing* of the *metallic medium. That the real dollar may represent property, and not the shadow of it.*"

Judge Thompson says, on pages 449–450, of the same case: "The power is given to Congress to coin money, and the States are prohibited from coining money. *But* to *construe* this as embracing a *paper circulating medium of every description, and thereby render illegal the issuing of all bank notes by, or under the authority of the States, will not, I presume, be contended for by any one.*"

Judge McLean, on page 452 of the same case, makes some forcible observations on the evils of a government paper currency. A paragraph in his opinion, at the bottom of marginal page 460, makes use of the verb "coin," the participle "coining," and the noun "coin," interchangeably with silver and bullion, as all referring to one and the same thing.

The most conclusive case, however, on this subject, is the case in 11th Peters, the opinion in which was delivered by Judge McLean. On page 316–17, Judge McLean, speaking for the Court, disposes of this very question as follows:

"That by the Constitution the *currency, so far as it is composed of gold and silver*, is placed under the *exclusive control of Congress is clear;* and it is contended from the inhibition on the States to emit bills of credit, that the paper medium was intended to be made subject to the same power.

"If this argument be correct, and the position that a State cannot do indirectly, what it is prohibited from doing directly, be a sound one, then it must follow as a necessary consequence, that all banks incorporated by a State are unconstitutional.

"This doctrine is *startling*, as it *strikes a fatal blow against the State banks, which have a capital of near Four Hundred Millions of dollars, and which supply almost the entire circulating medium of the country*. But, let us for a moment examine it dispassionately. The Federal Government is one of *delegated powers*.

"All *powers* not *delegated* to it, or *inhibited* to the *States*, are reserved to the *States*, or *to the people*.

"A State cannot emit bills of credit, or, in other words, it cannot issue that description of paper to answer the purposes of money, which was denominated, before the adoption of the Constitution, bills of credit.

"But a State may grant acts of incorporation, for the attainment of those objects which are essential to the interests of society.

"This power is incident to sovereignty, and there is no limitation in the Federal Constitution on its exercise by the States in respect to the incorporation of banks.

"At the time the Constitution was adopted, the Bank of North America, and the Massachusetts Bank, and some others, were in operation.

"It cannot, therefore, be supposed that the notes of these banks were intended to be inhibited by the Constitution, or that they were considered as bills of credit, within the meaning of that instrument. In fact, in many of their most dis-

tinguishing characteristics, they were essentially different from bills of credit, in any of the various forms in which they were issued.

"If, then, the powers not delegated to the Federal Government, nor denied to the States, are retained by the States, or the people; and by a fair construction of the terms, bills of credit, as used in the Constitution, they do not include ordinary bank notes; does it not follow, that the power to incorporate banks to issue these notes may be exercised by a State?

"A *uniform course* of *action involving the right* to the *exercise* of an *important power* by the State *governments, for half a century*, and this almost without question, is no *unsatisfactory evidence that the power is rightfully exercised.* * * *

"A State cannot do that which the Federal Constitution declares it shall not do. *It cannot coin money.* Here is an *act inhibited in terms so precise that they cannot be mistaken.* They are *susceptible of but one construction.* And it is *certain that a State cannot incorporate* any *number* of *individuals*, and authorize them *to coin money*. Such an act would *be as much* a violation of the *Constitution* as if the money were *coined by an officer of the State, under its authority.* The act being *prohibited cannot be done by a State, either directly or indirectly.*

"And the same rule applies as to the emission of bills of credit by a State. The terms used here are *less specific* than those which relate to *coinage*. *Whilst no one can mistake the latter*, there are great differences of opinion as to the construction of the former.

"If the terms in each case were *equally definite*, and were susceptible of but one construction, there could be no more difficulty in applying the rule in the one case than in the other.

" A State can act only through its agents, and it would be absurd to say that any act was not done by a State which was done by its authorized agents."

This case is conclusive upon the very point in controversy, for the Court there decides that the prohibition " to coin money" *does not* include a prohibition of issuing a *paper* currency of any kind.

A fortiori then, the power " to coin money," does not include the power of issuing *paper* and *making* it a *legal tender*.

The statement, in the opinion also, that as the States cannot coin money, neither can they authorize an association or corporation to do so, effectually refutes the theory, that issuing paper, and making it a tender is " coining money," for in that case no State could charter a bank of circulation. The additional remark of Judge McLean, that "The terms used here (in the clause relating to bills of credit) are less *specific* than those which relate to *coinage*. *While no one can mistake the latter*, (that is the coinage clause,) there are great differences of opinion as to the former, (bills of credit), and that if the terms were equally definite, there could be but one construction," expresses the sense of the Supreme Court upon this attempt to stretch the phrase, " coin money," so as to include and signify "printing, engraving and issuing" Bank notes, Treasury notes, and other paper evidences of debt, to circulate as money.

It would be just as competent for a State to incorporate an association to coin Eagles and half Eagles, as to incorporate an association to issue bank notes, if coining money includes issuing a paper currency ; in other words, a State could no more incorporate banks of issue, than banks of coinage, if the respondents' theory be correct that issuing a paper cur-

rency is coining money within the meaning of the Constitution. This is only varying the language of the Supreme Court without changing the sense.

The same point is decided in the case of Gwin *vs.* Breedlove, 2d Howard, p. 29, in which the Court say, "By the Constitution of the United States (section 10), gold or silver coin made current by law, can only be tendered in payment of debts," or, as expressed in the head note, "The Constitution of the United States, recognizing only gold and silver as a legal tender."

This decision of the Supreme Court would alone be sufficient to dispose of the question, for its authority cannot be disputed. Numerous data to the same effect might doubtless be presented, but one decision by the United States Supreme Court is all that is required to control this Court, and settle the law.

Mr. Curtis, in his History of the Constitution, (Vol. II, pp. 328–9–30,) says:

"These were succeeded by the subject of borrowing money, and emitting bills on the credit of the United States; a power that was proposed to be given by the Committee of Detail, while they at the same time proposed to restrain the States from emitting bills of credit. I have not been able to discover upon what ground it was supposed to be proper or expedient to confer a power of emitting bills of credit, on the United States, and to prohibit the States from doing the same thing. * * * * *

"One of the principal causes which had led to the experiment of making a National Government with power to prevent such abuses, had been the frauds and injustice perpetrated by the States in their issues of paper money, and there

was at this very time a loud and general cry against the conduct of the people of Rhode Island, who had kept themselves aloof from the National Convention, for the express purpose, among others, of retaining to themselves the power to issue such a currency.

"It is possible that the phrase, "emit bills on the credit of the United States," might have been left in the Constitution without any other danger than the hazards of a doubtful construction, which would have confined its meaning to the issuing of certificates of debt, under the power "to borrow money." But this was not the sense in which the term "bills of credit" was generally received throughout the country, nor the sense intended to be given to it in the clause which contained the prohibition on the States. The well understood meaning of the term had reference to paper issues, intended to circulate as currency, and bearing the public promise to pay a sum of money at a future time, whether made or not a legal tender in payment of debts. It would have been of no avail, therefore, to have added a prohibition against making such bills a legal tender.

"If a power to issue them should once be seen in the Constitution, or should be suspected by the people to be there, wrapped in the power of borrowing money, the instrument would array against itself a formidable and probably a fatal opposition.

"It *was deemed wiser, therefore*, even if unforeseen emergencies might in some cases make the exercise of such a power useful, *to withhold it altogether*.

"It was accordingly stricken out, by a vote of nine States against two, and the *authority of Congress* was thus confined to *borrowing money* on the *credit* of *the United States*, which

appears to have been intended to include the issue of Government notes not transferable as currency."

The same author refers to the subject again on pages 363–4, of the same volume, in speaking of the prohibition applied to the States, for the purpose of showing the settled purpose of the Convention to prevent the issue of paper obligations made a legal tender in any event whatever.

Mr. Hildreth, in the treatise on banks before referred to, says: "But the experience of the Revolutionary bills of credit, opened the eyes of the people. They had become more intelligent; the principles of political economy were beginning to be understood; the experiment was tried upon a grand scale, and its effects were obvious.

"It impoverished honest and patriotic men, and transferred their wealth into the hands of rogues and tories. So well satisfied had the people at length become of the pernicious effects of such expedients, that it is expressly provided in the Constitution of the United States that bills of credit shall never be issued; *and that neither the General Government nor the States shall ever make anything but gold and silver a legal tender for the payment of debts*—clauses, it may be remarked, which were evidently borrowed from the parliamentary enactment of 1765, above referred to."

In Flander's Exposition of the Constitution, it is also stated that "The power to coin money is denied to the States, and confided exclusively to Congress, in order to secure a uniform currency in place of coins of various forms and weights, which otherwise might be put in circulation.

"It has been said, and truly, that if the States could coin money and regulate its value, then there might be as many different currencies as States; yet the same practical conse-

quence follows from the power which the States exercise, of authorizing the circulation of bank paper as currency.

" A *uniform* metallic currency is secured by giving to Congress the *exclusive authority* to *coin money* and regulate its value; but there is no such uniformity in the paper currency of the States, which is the actual and well nigh universal substitute for coin."

In Walker's American Law the limitation of the power of Congress to making gold and silver a tender is also distinctly declared.

See also, Madison Papers, vol. 2d, p. 1232; vol. 3d, p. 1343; Crawford's Report in 1820.

The only adjudication, as yet, upon the legal tender provision in the Act of 1862 is one by the Supreme Court of Indiana. The title of the case is Reynolds *vs.* The Bank of Indiana, reported in the American Law Register of September, 1862.

The Supreme Court of Indiana in this case consider the constitutionality of the legal tender provision, and in an opinion of some length declare their conviction of its invalidity.

It is not desirable to swell the limits of this argument by extracts from the opinion of the Court.

After stating the facts of the case, and some preliminary matters to show how the question arises, the Court puts the inquiry whether Congress possesses power to make Treasury notes, or anything but gold and silver coin a tender, and states that the answer must be drawn from the Constitution of the

United States, it being judicially established that Congress can exercise such powers only as are granted expressly or incidentally by that instrument.

The Court also say that if this latter proposition be not true in every particular, then the Government is practically one of unlimited powers, and the Constitution is a delusive bauble.

There is nothing in the argument of the Court against the power of Congress which specially requires notice.

It would seem, from the opinion, that the power was rested chiefly on the clause "to regulate commerce;" and the Court say (what is obvious to every one) that the provision neither is, nor claims to be, in any sense a regulation of commerce. That commerce did not call for its enactment; that the notes are not needed for domestic commerce, and that for foreign commerce they are useless. The Court might have added that they are not only useless, but destructive both to domestic and foreign commerce, and that as the Constitution contains a separate clause embodying all the jurisdiction of Congress over the circulating medium, it was wholly inadmissable to resort to any other clause or section for a grant of power over the subject. Without, however, following the opinion, it is sufficient to say that the Court express the conviction that the legal tender provision is invalid, and that the effect of it will be disastrous to the country.

After this expression of opinion, the Court proceeds to state the fact (which is sufficiently notorious) that the Federal Executive and Congress have decided in favor of the exercise of the power.

If the Court designed in this remark to express the rule that the statute should be upheld, unless clearly in violation

of the Constitution, there would be no dissent; but this is not the sentiment, for the opinion asserts unequivocally that Congress does not possess the power claimed.

If the language has any meaning at all, then it is that Courts should hesitate to venture to declare an unconstitutional enactment invalid, because to do so would be disrespectful to Congress and the Executive!

Judges so afflicted with veneration for the Legislative and Executive departments as to countenance a clear violation of the Constitution, are unworthy of the trust confided to them, and not daring to form or express opinions of their own, should resign and save the useless expense of their salaries. When Courts become the mere instruments to register the unconstitutional edicts of the Executive and the Legislature, any change will be welcome.

The Court proceeds, after this statement, that the Legislative and Executive departments have, for the first time, assumed this power, to say that the (in their opinion) disastrous consequences to Indiana which must follow a denial of the validity of the exercise of this power, "press hardly upon the Judiary to *sustain the violation of the Constitution*, if it be such, and *thus create a precedent for further usurpations.*"

After this expression, one would hardly anticipate that the Court would stultify itself by yielding to this pressure, and thus creating the very precedent which is so dangerous.

The next observation in this remarkable opinion is, that, with the "*tribunal of last resort*, the preservation of the Constitution in its letter and spirit should be an object outweighing all considerations of temporary inconvenience." The inference here is, that the rule of duty and propriety for a Supreme Court of a State, is different from that of the United

States Supreme Court; that State Courts can decide causes with reference to "temporary inconvenience," and not with any view of preserving the "Constitution in its letter and spirit." Judges of State Courts can prostitute the judicial office to sanction a clear violation of the Constitution from motives of "temporary inconvenience" without the personal and official dishonor attached to such weak compliance, by the common judgment of mankind.

What could be more disgusting than such a declaration by the Supreme Court of the great State of Indiana.

After this preliminary remark, we are prepared for a judgment by the Court at variance with its expressed conviction.

The opinion closes by another expression of deference to the action of the Federal Government; refers to the rule of resolving doubts in favor of the law, (after showing that there is no room for a rational doubt,) and then speaks of the "exigencies of the times," and the "local injury temporarily to our State that would follow" a decision against the clause; novel arguments to be used in a Court of law, as reasons for upholding an unconstitutional enactment.

Who ever before heard in these United States, of a Supreme Court founding its judgment upon supposed present exigencies and temporary local injury to their State? If the validity of statutes and the powers of Congress rest upon the shifting sands of temporary convenience, and political expediency, and are to be determined by present local injury or benefit to the interest of this or that State, the Federal Constitution would soon be an object worthy only of contempt and ridicule. We would have as many conflicting rules of construction as there are weeks in the year and States in the

Union. In this view, a Constitution defining the powers of the different departments becomes a farce.

The last in the series of reasons assigned by that Court for giving a judgment against its expressed convictions is, that *whenever the question is decided by the United States Supreme Court, the State Courts will be bound by it!*

There is no reason assigned for the possibility of a decision by the United States Supreme Court in favor of the law; but simply that when that Court does decide the question its decision will be final. Then follows the judgment sustaining the legal tender provision, from which it is doubtful whether the unsuccessful party could take an appeal, for an appeal, perhaps, would only lie from a judgment against the validity of the law.

The Court, therefore, renders a final judgment, not appealable against a party, in the teeth of its expressed conviction, upon the pretence that another Court has the final disposition of the abstract question involved. We have seen some remarkable things in the early days of our judiciary in this State, but never such an open and public profession of judicial cowardice, as the opinion of this Supreme Court of the State of Indiana.

The people of that State have crowned themselves with unfading laurels by their heroism on many a well fought field during this war. No valor has been more conspicuous, and no blood has been shed more freely in defence of the Union than theirs; but if the rights of citizens in that noble State have no stronger bulwark, or more secure guaranty than is afforded by the Court which has furnished the opinion alluded to, no man of ordinary prudence would desire to trust either his person or his property within its borders.

The opinion is an authority against the legal tender provision, so far as the opinion of such a tribunal can be authority for anything; but the appellant's counsel desires distinctly to disclaim any respect, either for the opinion or the judgment of a Court, which would thus shamelessly print and publish to the world its utter unfitness for the responsible duty of upholding and expounding a Constitution to which we have been accustomed from infancy to look for security against Executive tyranny and Legislative usurpations.

We would be quite willing to rest the case for the appellant, upon considerations of expediency and State policy; for we all know that this legal tender provision, if declared valid, would upheave the very foundations of all business prosperity in California, would substitute distrust for confidence, and encounter the traditional and bitter hostility of the whole population, without any compensating advantage to the Federal Government. We know that it would do more than all other causes combined to impair the loyalty of our people to the Union, and to endanger our domestic tranquility, and the inutility of the provision, is demonstrated by the premium upon gold, which is but another name for depreciation of the currency.

Whether, therefore, considerations of convenience and policy are to govern, or the letter and spirit of the Constitution is a matter of no practical moment to the appellant; but he does not invoke the former, except as they may have a legitimate bearing in determining the true construction of the Constitution. When that is once ascertained, there is an end of temporary convenience and expediency.

This argument has been already protracted to a much greater length than was designed, or than would be justifiable, but for the wide range of the principles involved, and the vital importance of the question at issue; and this is the only apology which the counsel for appellant has to offer for the time and labor expended in demonstrating what to the Court may and probably will appear self-evident truths.

The argument against the power of Congress to make Government paper a tender for debts amounts to a mathematical demonstration.

The intrinsic impolicy and absurdity of such legislation as bearing upon the intent of the framers of the Constitution; the signification of the language employed; the light afforded by a comparison of other clauses; the history of the times; cotemporaneous exposition; the practice of the Government, and the authority of writers; of Statesmen and of Courts, especially of the United States Supreme Court; all concur in denying the power of Congress to force upon the people irredeemable paper in business transactions, and the population of this State look with confidence to this Court to protect them against the ruinous effects of what is a most manifest usurpation of power by Congress.

With this imperfect review of the subject the question is submitted to the Court, with full confidence that its judgment will be founded on principles of law, dictated by respect for the Constitutions under which, and in subordination to which, it derives all its authority; and that its decision will be such as to strengthen the respect of the people for their form of government, cement California more strongly to the Union, and secure the prosperity of its people from the destructive influx of a depreciated currency.

If in the discharge of this duty the Court assists to erect another barrier to the reckless innovations which threaten to sweep away all the landmarks of constitutional government, and leave no refuge but in despotic power from the unbridled excesses which have in all ages characterized irresponsible majorities, it will do a service to the people of this State, and of the whole country, the value of which no man can estimate, and will entitle itself to their lasting respect and gratitude.

H. H. HAIGHT,

For Appellant.

REPLY TO RESPONDENTS' BRIEF.

Since the foregoing was prepared, the printed argument of Messrs. Taylor & Hastings has been placed in my hands. Most of the positions assumed have been anticipated from previous discussions, and do not call for reply.

The counsel say in their brief that the views therein expressed are those of our greatest statesmen.

Considering that we have the recorded opinions of Mr. Madison, Mr. Webster, Col. Benton and others, distinctly and explicitly declared, that Congress has no such power as that claimed for it by respondents' counsel, with the silent assent of almost every distinguished man among their cotemporaries and predecessors, this alleged harmony of sentiment is of a curious nature.

The counsel can hardly expect us to receive this statement, in contradiction to historical records of unquestioned authenticity.

Mr. Webster is quoted as deriving the power to charter a national bank from the coinage clause.

It may be said, to begin with, that Mr. Webster in the heat of a political discussion, while arguing in support of his favorite measure—a national bank—might use arguments in favor of the power of Congress which would not be entitled to much weight; and for the same reason, his admissions heretofore quoted against the power of Congress are the more conclusive.

Mr. Webster, however, does not positively affirm that the coinage clause empowers Congress to charter a bank of circulation. He says, "without this clause it would be difficult to make it out."

The whole point of Mr. Webster's argument from which respondents' counsel has quoted is, that Congress having power to establish a uniform metallic currency, should have power to secure that to the people by excluding the paper money of State banks. This is apparent from the quotation on page 16 of respondents' brief.

The Supreme Court of the United States, however, declined to rest the constitutionality of the bank on the coinage clause, and its authority on this point is final.

The counsel also quote from Mr. Dallas, "that it seems to follow that the authority which is alone competent to establish a national *coin*, is alone competent to create a national *substitute*." Paper money then is not "coin." After an elaborate attempt in effect to prove "paper money" to be "coin," we are here informed on the authority of Mr. Dallas, endorsed by respondents' counsel, that paper money is not "coin," but a "substitute" for it.

It is a sufficient reply, however, to the citations, to say that neither Mr. Dallas, Mr. Webster, Mr. Dexter, nor Mr. Madi-

son, ever uttered a syllable in favor of the power of Congress to make paper money a tender in payment of private debts. The opinions of Mr. Madison and Mr. Webster have been already given.

Another point made by respondents' counsel is that the Government has been in the habit of providing that treasury notes should be receivable for public dues, and that this power involves the right to make them a tender in payment of private debts.

The difference between the right of a Government to receive its own obligations in payment of public dues, and its power to make those obligations a tender in payment of private debts, requires no illustration. It is sufficiently plain to common sense without an inspection of the Constitution.

It is also urged that no express power is given Congress to make gold and silver coin a tender, and that if Congress has the right to issue treasury notes at all, it has the same right to make them a tender as it has to make its gold and silver coin a tender.

It is scarcely necessary to notice an argument to which there are so many answers. "Coining money and regulating its value," it has already been said, may well be supposed to involve the power of making it a tender. as that is one of the principle offices of coin.

Is any such idea involved in the power to issue Government obligations for the payment of money?

This is aside from the Constitution which we have already shown has made a broad distinction between the power to make anything but gold and silver coin a tender, and all the other powers and functions of Government—and by declin-

ing to grant the power to Congress has effectually withheld it. This ground has been traversed in the main argument.

The appositeness of the quotation from "The Drapier's Letters" of Dean Swift, will be evident by a perusal of the first and second of those letters, in which he makes a serio-comic argument against Wood's copper half-pence. The letters are worth reading for their humor, and for this purpose alone, probably, the reference was made by respondents' counsel.

Some stress is also laid by respondents' counsel on the fact that worthless metals might be coined, and if worthless metals can be coined, they ask, why not issue paper money?

It is something to secure an admission that metals alone, good, bad or indifferent, can be COINED, but the obvious reply is, that the power was conferred with reference to those metals which universally throughout the commercial world were recognized as a medium of exchange. As to whether copper cents were included, I leave it to respondents' counsel to choose either the negative or affirmative at pleasure.

Congress might have power, which I by no means admit, to abuse the grant and violate its spirit while it kept within the letter, in throwing upon the business community a worthless currency of tin, but in attempting the experiment with paper they violate not only the spirit and substance, but also the letter.

If Congress should coin ten and twenty dollar pieces of tin and lead, and make them a legal tender, it is possible, though by no means probable, that such legislation would be upheld.

The fraud, however, would be too glaring to be ventured upon. With paper the fraud is equally great, but not so ap-

parent, as Mr. Mill observes, and hence the care taken by the framers of the Constitution to guard against the possibility of paper money.

The Court is also favored by respondents' counsel with a long extract from Mr. Sumner's speech in Congress in favor of the measure. Mr. Sumner is not authority on questions of Constitutional law. He reasons that the Constitution being *silent*, Congress may exercise the power. This is *his* view of the powers of Congress, and accords with his proposal to abolish the State Governments of the seceded States upon "war power" principles. His views of Constitutional law are affected by the same mental and moral strabismus which has marked his political opinions throughout his public career.

H. H. HAIGHT,

For Appellant.

INTERNATIONAL

BI-METALLISM:

AN ESSAY:

[Being one of the Thirty-nine Essays submitted to the *Concours-Cernuschi* in May, 1890.]

BY HENRY D. BARROWS.

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PREFATORY.

IN September, 1889, M. Cernuschi proposed, at the Paris Monetary Congress and simultaneously in "The London Times," the adoption of a compromise system of bi-metallic money, based on the dual units, the gold dollar of the United States, and the silver five-franc piece of the Latin Union.

In common with all thorough bi-metallists, M. Cernuschi held, that, though, the true solution of that gravest of all the problems of Money, *Stability of Standard* is to be found in bi-metallism, nevertheless the full benefits of the bi-metallic or bi-commodity principle are only attainable through the adoption of a common or uniform legal ratio by all double-standard nations.

Unfortunately, the two principal double-standard systems of the world, have not, and never have had, identical legal ratios.

The infinity of contracts which have been entered into for the delivery of the commodities, silver and gold, in differing proportions, or at ratios which mutually exclude each other, under those two money systems, make the task of changing from existing legal ratios to a common ratio, a somewhat formidable one.

But the very definite and very practical plan proposed by M. Cernuschi, for the accomplishment of this object, probably presents fewer obstacles and combines more advantages than any other scheme that could be devised. Indeed, its merits are so great, and the attainment of its ultimate aim, namely, *unity of ratio*, are of such transcendent importance, that I am strongly impressed with the belief that it ought to be, with some degree of fullness, presented to the world, and especially at the present time to the people of the United States.

The following essay is an attempted exposition of the new system; and is one of the thirty-nine essays submitted to the "*Concours-Cernuschi*" last May. It is now published with the hope that it may, in some slight degree, aid in clarifying a question which Jevons declared a quarter of a century ago, was then a "burning question"—as it is to-day: for, never was it more earnestly or widely discussed than at *the present time*.

The issues dependent on the stability of the relations between the two great money metals of the world (—formerly rated the one to the other, and afterwards bound together by the currency laws of France—but now, and since 1873-4, drifting independently of each other, dividing mankind into two separate and more or less antagonistic groups—) are so far-reaching, and the material interests affected thereby are so vast, that no settlement can ever become permanent, which is not a just, a right—and a scientific settlement. For, I hold, (and I think I have shown in the following essay, pp. 18–20,) that there is such a thing as scientific bi-metallism, exactly as there may be scientific mono-metallism. In politics, the United States illustrated in practice as well as theoretically more than a century ago, the truth of the maxim: *E Pluribus Unum*; so in finance, long ago France abundantly proved that unity from duality—*E Duobus Unum*—is equally a possibility, and that the principle she thus illustrated is of immense practical utility to the human race.

Of the other essays submitted to the judges appointed by M. Cernuschi to be passed on on their merits, concerning which no general report has yet been made, that of Baron van Rochussen of the Netherlands, which was awarded the prize, is published in French, and may be obtained of Sampson, Low & Co., London; and that of M. Laveleye of Belgium, also presumably in French, is soon to be published.

It should be noted that the computations of the gold price of silver in the following essay were based on the price current at the time it was written, to-wit: the early part of last year. I have added also some notes in an appendix, in explanation of certain points which seemed to demand further elucidation.

LOS ANGELES, Jan. 20, 1891.

INDEX.

ERRATA.

Page	2[illegible],	line	35,			read	(gold's)
"	26,	"	29,	for	measures,	"	measure.
"	27,	"	25,	"	on whatever,	"	or whatever.
"	29,	"	14,	"	maximum,	"	minimum.

INTERNATIONAL BI-METALLISM.

In undertaking with others, at the invitation of M. Cernuschi, to forecast "what effect would be exerted, immediately, and in the future, on the paying power of silver, and on the paying power of gold, by the simultaneous adoption in England, France, Germany, and the United States, of a bi-metallic 'Just,' as legal tender for any amount, the silver *just* having the weight and fineness of the silver five-franc piece, the gold *just* having the weight and fineness of the United States gold dollar, with mintage free to everybody, and gratuitous,"

I should say:

(1) That the immediate effect would be,

(*a*) To give to the silver just and to the gold just, absolutely equal paying power in all contracts for the delivery of money entered into after the adoption of said system in the four countries named; and

(*b*) To cause, through the right of free-coinage, the universal masses of silver and gold to gravitate towards the proposed ratio of value of 1 to 14.95+; and this movement would, moreover, be likely to commence at once, on the first indication of a serious intention on the part of those nations or of a majority of them, to adopt the proposed system,

(2) That the future effect would be to bind the two metals to this ratio, "as with hooks of steel," in perpetuity, or so long as the quadruple alliance or convention should endure.

The parity of value at said ratio, of silver and gold as commodities, being firmly established, by the play of the bi-metallic law, the purchasing power and paying power of the silver just and of the gold just, would become substantially identical, not only in the four countries named, but throughout the world.

Recognizing that mere off-hand and unsupported assertions or forecasts, made without regard to the reasons on which they are based, are of little worth; and assuming that a very important part of the task which we are invited to undertake by M. Cernuschi is to show

clearly and indisputably, that the material interests of the people of England, France, Germany, and the United States would be substantially and permanently benefitted, by the adoption, in good faith, by each and by all those nations, of the bi-metallic system proposed by him, it will be my aim to show, as succintly as possible :

(1) Why a bi-metallic, or, using a broader generalization, why a bi-commodity standard is superior

(*a*) To a mono-metallic or single-commodity standard ; or

(*b*) To a multiple-standard ; or,

(*c*) To the original form of exchange—of which all these are but variations—to-wit : primitive barter ;

(2) To explain the theory by which it is possible to hold two universal commodities in substantial equilibrium, at some agreed ratio, whereby the vast steadying power of *two* grand masses (instead of one) may be concurrently and effectively exerted on the standard; and,

(3) Point out the principles which should govern in the adjustment of existing contracts for the payment of money, in the four countries named, to what may be called

THE "JUST" SYSTEM,

so that in the proposed change, the name of the new system may be vindicated in its methods.

In discussing in detail, the various phases as outlined above, of M. Cernuschi's proposition, I propose to dive down to fundamental principles, so that at all stages of the work in hand, I may be, so far as possible, absolutely sure of my bearings ; and thus, not only avoid self-deception, but also escape the imputation even, of seeking to mislead others.

Before proceeding further in this discussion, I deem it proper to pause an instant at the threshold, to point out a very vital distinction, one on which this whole question hinges, namely, that *all measures of value are perpetually changing;* and that in this respect they differ fundamentally from measures of extension, weight, time, etc., with which they are usually classed, but which are supposed never to vary.

I merely briefly state this proposition here, leaving the matter to be hereinafter further elucidated.

Primitive Barter—Evolution of Money—Comparison of Standards.

All exchange, from its simplest manifestations to its highest refinement, is only some form of barter or dicker. Good things, that is, things having value because useful or beautiful, or desirable for some quality they possess, are exchanged or bartered for other good things, in definite or measured quantities.

There may be, theoretically, many forms of barter; but in practice these may be reduced to two principal forms, namely, heterogeneous and unified.

Heterogeneous barter is the original and simplest form of exchange. By it, good things are exchanged promiscuously and directly without the aid or intervention of any common standard of valuation.

But as society advances from the primitive to the complex, the necessity for such a common measure of value, by which all property may be compared or gauged, and exchanged, constantly forces itself on people; and they adopt sometimes one commodity and sometimes another as such common measure. That is to say, they use the ordinary, and as near as may be, uniform value that one commodity happens to have, to measure the values of all other commodities.

This is termed unified barter because all values are gauged by the value of some one or more representative commodities.

The value of the commodity thus used, is simply its general, commercial or merchandise value, which general value is, in reality, based on all the uses whatsoever of such article. This particular use of a good thing as a measure of value of other good things, is called its *money* use; but this money use of an article, is, after all, only one of the many commercial, or, broadly speaking, commodity uses of such article. And it should never be, though it often is, forgotten, by the student of monetary science, that the use of an article having commercial value, as money, does not in any sense, make that article any less a commodity, because so used. (Appendix A). This money use, may indeed become its most important use; and in fact it may happen, that the creation of a new use, or of a largely increased use, of an article, thus creating a new demand for it, may, and sometimes does, enormously increase its value. (Appendix B).

Wheat, for example, has many and legitimate uses as a food staple: if besides, people should, by common consent, conclude to use it as money (by means of warehouse receipts or otherwise), its value would thereby be greatly enhanced; but wheat would not cease to be a commodity because thus used as money; nor would its money

use be less a commodity use, than its use as food. Nor could wheat in such a case, except by some artificial or unnatural and unhealthy process, have two differing values, i. e. a merchandise or commercial value, and a money value; for these values are, or ought to be, always identical in potential money.

These, to the political economist, are but trite truths: but it has seemed desirable to recur to them from the standpoint of primitive barter, as preliminary to a further consideration of the evolution of money; and also to fortify ourselves against certain popular illusions concerning money, in which so many indulge, apparently because they think it a very abstruse science beyond their comprehension, or because they neglect to study it in connection with fundamental principles.

It is a useful practice, to substitute in theory, other commodities in place of those ordinarily used, as money, and suppose exchange to be carried on, by using their simple merchandise value, as a common measure of other values. (Appendix C).

It may also prove helpful, in the present discussion, to keep in mind the maxim, that both parties to every exchange, *are both buyers and sellers*: the farmer in the same transaction, *sells* his produce and *buys* specie; the merchant *sells* his merchandise and *buys* cash, or farmers' produce,—measuring in the latter transaction, the value of both produce and merchandise, by the value of the cash, as a convenient medium or common measure of value of both the produce and the merchandise.

Grave Evils of Single-Commodity Standards.

Whilst the logic of evolution in exchange points with unerring certainty to the unification of barter, as man advances towards the higher civilization, it is also true, as experience amply teaches, that there are grave evils inseparably connected with the use of a single commodity as a sole measure of all material values, which are scarcely known in promiscuous barter. Although the methods of this latter form of exchange are rude and cumbersome, yet by them the entire sum of values of every species of property, is not subjected to the fluctuations of a single commodity, as they unquestionably are, in unified barter, where one metal is alone the standard. The gravity of this evil can hardly be over-estimated, as I shall endeavor to show.

I also hope to be able to demonstrate, that whilst unified barter based on a single commodity, facilitates enormously the distribution [illegible] st benefits growing out of the utilization of the newly-dis-

covered forces of nature, steam, electricity, etc., nevertheless this distribution is inevitably vitiated and marred by the changes,—imperceptible perhaps, but none the less real—of the commodity on which such standard is based.

Mr. Goschen, the eminent English financial economist and statesman, is reported to have said at the Paris Monetary Conference of 1878, that it would be dangerous for all the world to adopt a single commodity (gold), as a universal monetary standard. The recognition and enunciation of this pregnant truth, show the subtlety and profundity of his intellect.

In the gold standard countries alone, which probably include less than one-third of the human race, it is a startling fact that more contracts are made for the delivery of that commodity *daily* than there is gold in the world, possibly several times over! And although gold is what may be called "quick capital," and the same gold may be, and often is, used as money over and over many times in the same day; and although its functions may be greatly multipled by the mobilization of credit (bonds) into currency, and by the use of cheques and promissory notes, etc., whereby the actual delivery of gold is postponed or pushed into the future, yet, is not that system of exchange beset with collossal dangers, which encourages, nay, rigorously requires the delivery daily, even in theory, more of a single commodity than the total aggregate thereof in all the world?

Is it strange that commercial crises and their attendant train of disasters, constantly menace those countries where such practices are the rule? (Appendix D).

Man has used at various periods in the world's history, all sorts of things having value, and often things having no intrinsic value, as common measures, and media or inter-media of exchange, only to discard most of them, because of their unfitness to perform the functions of money. It is not necessary here to recount the things thus used, nor the infinite variety of reasons which have caused them to be rejected; all this information can readily be found in the books.

Silver and Gold.

Silver and gold, which are, comparatively speaking, imperishable metals, ages ago, through their intrinsic qualities, fairly earned the right to be called "the precious metals," as they no less honestly and fairly earned the commanding position—now unchallenged—of being the metals or commodities best fitted to serve as instruments or tools of exchange, if not in every respect, the most stable or non-fluctuating standards of value.

For, silver and gold, like all other commodities, are subject to the inexorable law of supply and demand : their use as money in no wise exempts them from the operation of this universal law. They fluctuate in value as do other commodities, in strict obedience to that law, although their movements may be at long range, so to speak, and difficult of detection, as is the motion of the earth on which we stand.

For centuries, even learned men and philosophers, could not be made to believe that our earth did move ; to assert that it did, seemed to them, a flat contradiction of the evidence of their senses.

Their attitude on that question, was not unlike that held to-day by many, including large numbers of learned economists, concerning the variability of gold and silver as standards of value.

It seems next to impossible to convince people in gold-standard countries, that gold fluctuates in value, and, that their standard fluctuates with it : for do not the daily variations in the market prices of all the things measured by it furnish conclusive evidence that they are perpetually changing in value ; whilst the price of gold bullion never varies : the self-evident fact being lost sight of, that anything measured by itself cannot show a change. The standard being gold it would be as absurd to say that its own price of itself, does, or can vary, as it would be to suppose it even possible for the price of full-weight, perfect. twenty-dollar pieces to vary when exchanged for other perfect, full-weight twenty-dollar pieces ; or for the price of perfect English sovereigns to ever change when measured by other full-weight sovereigns.

In like manner it is not an easy matter to convince even intelligent people in silver-standard countries that silver fluctuates and that their standard changes with it : for do not the daily market prices of everything by the silver-standard furnish perennial evidence that all the endless list of things bought and sold—gold included—is constantly changing in value as compared with their standard ; whilst the price of silver, by that standard, never varies ?

The world has got past the delusion of believing that the earth does not move, because it does not *appear* to move ; but not all the world, either in silver countries or in gold countries, has risen above the delusion that the standard of value of each respectively, is a fixed and never-varying measure of valuation.

There are examples without number of learned men in Europe and America, who still laboriously seek to account for the contemporaneous fall of the gold prices of silver, and of staple commodities, since 1873, of from 28 to 30 and 35 per cent., on some other theory [illegible] the appreciation of gold ; although they cannot well put

out of view the fact, that a rise, in the standard logically and always registers itself by a general fall in prices, and that it can register itself in no other way.

And I suppose the learned Parsees, if not all the people of India, with equal confidence, and with much more reason, account for the great rise in the single article of gold (as that is the only commodity that has shown any serious change in price during this period), by some other theory than that of the depreciation of silver.

We may, however, in this discussion, offset one delusion with the other. The indisputable facts with which we have to deal, are, that since the rupture of the tie which for so many years bound silver and gold together, there has been going on a steady and persistent divergence between the two metals, till within the last year or two, silver, as measured by gold, has fallen from a par of 100 to 70 or 69 or less; or, conversely stated, gold, measured by silver, has risen from 100 to 142 or 145. And also, at the same time, a change has been going on in the relation between gold and the staple commodities of the world, which may be expressed with equal precision according to two formulas, thus: The average gold price of commodities has fallen during the last seventeen years more than 30 per cent.; or, the commodity price of gold has risen something like 45 per cent.

The 412½ grains of silver in the United States standard silver dollar, which, prior to 1873, was worth in gold about 103 cents, fell, in May, 1888, to less than 71 cents, as measured by the gold dollar.

In India, prior to 1873, 1,000 rupees would buy very nearly 100 £ in gold, whilst now, considerably more than 1400 rupees are required to buy the same quantity of gold or of gold exchange.

Reasoning *a priori*, it is pertinent to ask, why we should make all our material values dependent on either silver or gold, in preference to many other durable and useful commodities, which, having world-wide sources of supply, and infinite variety of uses, have great stability of value?

Considering the question of stability or steadiness of value (which is of the greatest gravity), apart from that which relates to the peculiar fitness of a metal to serve as money on account of its portability, divisibility, indestructibility, etc., why, for example, do not the broad and stable bases on which the value of iron, copper, tin, nickel, etc., rest, make some one of these metals, a more constant and reliable standard of value, than either gold or silver, whose uses, aside from their monetary uses are mainly, or at any rate, to a large extent, ornamental? That is, the values of the latter, so far as they are steadied or sustained by their non-monetary uses, depend very much upon man's

æsthetic wants and whims, which are often capricious and variable, rather than on his necessities, which are both imperative and constant. Of course the baser or heavy metals could only be used as money by means of warehouse receipts or certificates, and even then, the ever-impending necessity for materialization, would be a bar to their usefulness in this capacity.

But, on the other hand (leaving to one side for the moment, the question of stability of value), gold, for example, has some points of superiority over all other commodities. It has condensed value in small compass. In this one respect, however, diamonds and precious stones are superior to gold. But their value is variable because their use is subject to the freaks of fashion. They have few non-monetary uses to assist in giving them a stable value; and they are incapable of that infinite and precise divisibility which is required of all material that may be used as money.

Gold possesses all these and many other qualities, in common with silver, which, as already pointed out, peculiarly fit both these metals for use as money; and gold, because its value is more condensed than that of silver, is of course in this one respect, and in no other, superior to silver.

But this very fact, which is freely conceded here, has a very important and direct and ominous bearing on its stability. Because, e. g. one ounce of gold will do the work of 15½ ounces of silver, men naturally prefer it: but the expression of this preference, by increasing demand, causes appreciation, thus destroying stability, which latter quality is of vastly more importance than the mere matter of portability, that is within reasonable limits; for the difference of weight in proportion to value, between silver and gold, is practically eliminated by the use, in the great body of modern monetary transactions of the paper representatives of both those metals, in place of the metals themselves.

When the people of a country change from old systems of weights and measures, to the simpler and better metric system, the integrity or constancy of the measuring function of the meter and the gramme, is in no wise affected by their increased use, and would not be one iota, if adopted by the whole world. But when nations or large communities propose to themselves the adoption of any single commodity as their sole measure or standard of value, it behooves them to inquire:

(1) What effect their own increased use of the commodity selected, ... -xert on its value or measuring power; and,

(2) What will be the effect, if other communities and other nations shall conclude also to adopt the same commodity as their sole standard.

This I take it is the pith of the query propounded by M. Cernuschi, which goes to the core of the present monetary situation.

Will the *value* of the unit, which is what measures value (as contradistinguished from its weight and fineness), based on an article thus concurrently adopted, by several countries, or by all the world, preserve the same relation to all other property that existed before such adoption? Unquestionably, that relation must be disturbed: and the disturbence must be in exact proportion to the increase of demand for the new money material.

Is it probable that the financial economists and statesmen of those nations of Europe and America which, since 1871 have changed from silver to gold, or from paper to gold, took into account the influence on the value of gold, and the consequent effect on its measuring power, which their combined adoption of it as their standard must have exerted? Is it not evident that they merely provided for the weight and fineness of their gold coins and left the question of their measuring power to take care of itself?

It may be replied that their functions as economists and legislators ended there. To which the sur-rejoinder I think is pertinent: That it is the business of the theorist, and of the legislator who enacts theories into statutes, to take cognizance of all the elements involved in their action, and the practical bearings thereof, when they assume the responsibility of shaping the policy of a country, especially in so important a matter as a change of its fundamental standard. And this is precisely the rule which advocates of bi-metallism propose for their own guidance, and by which they are willing to have their theories and their arguments judged.

A Multiple Standard, or a Standard of Desiderata.

Whilst a standard based on a large number of commodities that have intrinsic values, would be more stable than one having a single or a dual basis; and whilst such a standard can be and often is made to serve many useful, theoretical purposes by the student or statistician; it is impracticable as a sole basis of an actual money system, because chiefly, it cannot be materialized at all times on demand,—which is an imperative (though sometimes a very inconvenient) necessity of all real money.

When a person promises to deliver definite quantities of innumerable commodities, he simply makes promises which, as a rule, he cannot perform: he unnecessarily burdens himself with the task of hunting up many articles of commerce which may not be obtainable; and embarasses his creditor by imposing on him things he does not want, and which he would not know what to do with if delivered to him.

An alternative multiple-standard based on many commodities, would be exceedingly complicated, and if attempted to be put in actual practice, would almost certainly lead to endless confusion.

Fully conceding then,

(1) That the tendency towards the unification of barter is legitimate, as well as irresistible, because a necessity; and,

(2) That a standard based on a single commodity, whatever that commodity may be, is inseparably beset with evils of the gravest and most insidious character, because those evils are veiled; and,

(3) That a multiple-standard as the basis of a money system, adapted to the every-day needs of mankind, is impracticable, we come back to the question:

A Bi-Metallic Standard.

Why is a bi-metallic or bi-commodity standard which, in reality, is a compromise between heterogeneous and unified barter, better, both as a measure of value, and a vehicle of exchange, than any or all other standards?

In attempting to answer this question, adequately, in all its varied bearings, it may conduce to clearness, to first elucidate, briefly, the theory by which the play of the economic law of the constant oscillation of all commodities in their relations to each other, can be so controlled or modified as to admit of two of them (as for example silver and gold), being substantially and permanently bound together at some fixed ratio.

It is not pretended that this desideratum of practical money can be realized in defiance of the law of supply and demand; on the contrary, it is only through strict obedience to that law that such union can be made permanent.

The simple secret—if indeed it be a secret at all—at the bottom of this much-distrusted, but nevertheless sound principle, consists in regulating "demand" in such fashion that—under the stimulus of that universal motive of human action, self-interest—it shall automatically correct inequalities or variations of "supply."

It is a familiar axiom throughout the commercial world, that when one of two articles of the same kind, of equal value (or of different kinds but capable of performing exactly the same service), can be bought at a less price than the other; or, what is the same thing, if, for any cause, real or fanciful, one of the articles commands a premium, no matter how slight, the buyer will, as a rule, prefer the cheaper, all other conditions being equal.

As a mere proposition in simple barter, thoroughly consonant with common sense, it is safe to assert that any person having use for silver or gold, either one of which, at the established ratio, will equally well perform the service he requires of it, will, without exception, if no legal or moral obstacles intervene, choose the cheaper metal, or that one for which he has to pay no premium.

The beneficent effects of this perfectly natural and perfectly just rule of action, in connection with the simple principle of equal legal-tender, when applied to bi-metallic money, on the material interests of a country adopting the same, are manifold.

Whenever one metal, for any cause, shows a tendency to go to a premium, the average buyer or user of coin, rejects it and chooses the other, because, at the standard ratio, both metals are presumed to be of equal legal value, and therefore of equal paying power: the contracts to be thus liquidated, of course being made under these implications.

In law and in morals, one metal will serve his purpose exactly as well as the other.

Of course, mere sentimentality or fanciful preference, has nothing to do with determining his choice—his decision being governed wholly by self-interest.

Thus the standard which, without the influence of this compensatory action, would have followed the higher specie, causing it to go still higher, is steadied by the operation of a natural and altogether salutary law: demand for that metal which, from over-supply or other cause, might tend, without the privilege of this option, to drift away from, and below the common ratio, would be effectively stimulated, and its value thereby enhanced; and the other metal, which from a variety of causes, real or fictitious, might tend to drift away from and above the ratio, would be in less demand, becoming idle capital, earning its owner no interest, etc., which would cause it to decline in value, or in other words, to assimilate again to the legal ratio; and thus, by reciprocal action and reaction, unequal supply and demand would, by operation of natural law, correct each other; and the two metals, being *in vital connection* and doing interchangeably each the

work of the other, automatically, (the cheaper, under the law of self-interest, being always in greater demand,) would be welded together in one fungible mass, which would be vastly less liable to fluctuations than is either silver or gold alone, when the two do not exert this reciprocal influence on each other.

An Object Lesson.

Fortunately, the world has had an object lesson, which thoroughly and luminously illustrates the practical workings of this theory.

For seventy years or more the industry and commerce of the French nation, thanks to the acute instincts of her people or of the shapers of her economic policy, both profited by and exemplified a principle which, inasmuch as it was subjected to the severest tests, fully demonstrated its soundness, and proved itself to be of the highest economic value, to the human race.

France, during those seventy years, as well before and since, absorbed raw materials from the four quarters of the globe, and fabricated them into useful articles of commerce, and, after supplying from these, her own necessities, returned the surplus, increased in value, five, ten, twenty or an hundred fold, to the outside world and to the countries which furnished the raw materials.

These processes, of course, are practiced by all highly-developed nations; and they are lubricated and stimulated all along the line both ways, by profits. And it is well that it is so; because it is by the manipulation and conversion of the crude products of the earth into highly specialized, useful fabrics, that these same products are made serviceable to man: it is by these means that his highest material welfare is promoted.

But France advanced one step beyond her neighbors: she extended this beneficent process of the conversion of raw materials to *both* the precious metals, silver and gold. In obedience to the demands of commerce, she fabricated both these metals into such forms of use and beauty (as she did wool, cotton, silk, and all the endless list), as should give them sale and currency throughout the world.

That this particular branch of manufactures was (for good reasons) performed by the government itself, does not in the least destroy the analogy I suggest, namely, that the French nation converted ores containing the precious metals, as she did textile and other crude products, into their highest types, or into such forms as should make them wanted by all the world.

All her varied domestic industries and foreign commerce, contributed directly or indirectly, as well as legitimately and profitably, to this conversion of the precious metals.

Even though gold and silver traveled from mines in distant lands, by round-about routes, they both, silver as well as gold, as if drawn by a magnet, gravitated at last to the French mints, where they were freely refined and fabricated into forms which best adapted them to their most important, to-wit, their monetary uses. The coins thus manufactured, did not necessarily go back to pay the miner at the antipodes for his ores; nor even to Swansea or Freiburg to pay for their reduction or extraction: for all these obligations were, as a rule, liquidated by an infinite variety of other French fabrics, on which profits were realized; but, by the simple principle of equal legal-tender, the coins of both metals circulated freely, side by side, on an equal footing, gauging equal values throughout France: meanwhile performing the double function of facilitating and stimulating French industries both domestic and foreign, and of holding in equilibrium at a serviceable fixed ratio, the great money-metals of the world, to the manifest advantage, not alone of France, but of all other civilized nations as well.

For it is certainly a matter of the first importance to the people of silver countries and of gold countries, that their money systems should be kept in touch or equilibrium, as thereby a *modus vivendi* between the two, is maintained without unnecessary friction, and the world's commerce is immensely facilitated.

Every considerable change between the relative values of silver and gold, not only involves a general disturbance or dislocation of prices, in each silver-standard and in each gold-standard country, but also necessitates a readjustment on a vast scale, of prices as between silver countries on the one hand, and gold countries on the other.

One great special advantage derived by France from her long maintenance of the equality of the standards, was that in the vast aggregate of contracts made and accruing daily for the delivery of money, she had *two* universal commodities to draw on, instead of being confined exclusively and rigorously to *one*, as was, and still is the rule in all single-or mono-metallic countries, whereby she escaped the ever present *bete noir* of the latter, namely, "a corner in money," which is the perennial source of commercial misery and ruin.

Moreover, the circulation, side by side, throughout France, of the silver franc with the gold franc, or their multiples, worked no hardship or wrong, actually, and could work none on her people, whilst their parity, both as coin and as bullion—in other words as money,

and as merchandise—was maintained: for in law and in equity, so long as their value was equal, their paying power continued equal.

Furthermore, the payment by France of her obligations abroad, mostly in other manufactured articles than those of the precious metals (coin), was rather a benefit than a disadvantage: because, while the government made little or no immediate profit in the manufacture of coin, many citizens were enabled to realize good profits on the innumerable other fabrics which were sent abroad, in lieu of coin, in payment of the raw materials of every kind, gold and silver ores included, which were drawn from all quarters, to feed the thriving industries of an enterprising and enlightened nation.

The French people were very well content to pay thus their debts to the outside world with fabrics on which there was a profit, and retain for themselves the perfected products of the mines, to-wit, the manufactured coins of silver and gold of the realm, which were virtually the most acceptable "merchantable form" of those commodities. (Appendix E).

Why other enlightened nations which sought to develop to the highest degree of perfection, their manufactures and commerce did not imitate the wise and beneficent example of France, and include silver (as well as gold and all other materials), in the list of articles which they fabricated into their most saleable forms, when the advantages of such a course, both immediate and remote, were so obvious, passes comprehension.

As a defect in the *manufacturing* policy of those nations, this neglect was inexcusable: for every country of highly developed and highly specialized industries, one would say, should seek to manipulate and convert into its most desirable merchantable form, every useful imported product of nature that is wanted by man; and not be compelled to send any article abroad and ask another nation to further transmute it so as to fit it for its principal use, as most of the nations of Europe, for nearly three-fourths of a century, sent silver to France to be there converted into money (as the only alternative of sending it to the far East), because they had not the genius or courage to do it themselves.

As a defect in *fiscal* policy, it was unaccountable: for if France almost alone was able to confer the great boon on the world of making the ligature, binding the great masses of silver and gold together, and to her standard, effective, for seventy years or more, and during all that period greatly profited thereby, certainly there could have been [illegible] for other nations to have coöperated with France in making

such a beneficent policy (—i. e. if to contribute to steadiness of the measuring power of money is beneficial—) the permanent policy of the leading powers of Europe and eventually of the world.

For the experiment made by France alone for over sixty years, was abundantly justified by its results, which were indeed simply marvelous. Gold-using countries have never yet fully appreciated the debt they owe to France for saving their standard from the appalling fall that must inevitably have resulted from the sudden addition to the stock of gold in the hands of man, of a larger quantity than he already possessed, from the alluvial or placer mines of California and Australia; and which amounted in twenty-five years (1850–'75) to the enormous sum, according to the eminent statistician, Soetbeer, of over three thousand million dollars, or fifteen thousand million francs.

The steadying influence on the value of gold, of effectively connecting it with the grand mass of silver, which latter has a very constant and solid value, because it is guyed or made fast, or anchored to the material values of nearly three-quarters of the human race, is of transcendent importance; and this truth was never more impressively illustrated than by the example cited above.

The doubling of the money of gold-standard countries, should have caused, according to every conceivable economic probability, a fall in the relative value of gold, of something like 50 per cent., and a corresponding rise in the prices of everything measured by that standard, of 100 per cent.; in other words, a general distortion and dislocation of prices in all gold-standard countries, such as the world had never known.

That this did not happen is solely attributable to the fact that gold, during this period, was tied to silver by the French currency law of 1803. Of course, the latter metal fell with, but powerfully retarded the former, in its downward movement; and instead of a decline of gold, separated from silver, of 50 per cent., the two metals, bound together, only fell, as carefully and elaborately demonstrated by Jevons in 1869 (Currency and Finance, p. 157), about 15 or 16 per cent. below their normal relation to staple commodities: whilst its (gold) divergence from silver was very slight.

Whereas, gold alone, since the rupture of the link binding it to silver in 1874, has risen, as compared with silver and with the world's staple commodities, from 40 to 45 per cent. And if we take into account the cumulative fact, that the fall of gold, under the influence of the addition of $3,000,000,000 new gold, was only 16 per cent.; *whilst the new demand* for gold since 1873 (caused by countries

changing from silver or paper to gold since that date), of only $1,000,000,000, has caused a rise of over 40 per cent., the proof seems conclusive as to the immeasurably greater stability of the bi-metallic standard over the single gold standard.

By contrasting the slight disturbance of the monetary standards of the world, caused by the enormous influx of new gold during the period, 1850–'75, with the rise, nearly three times as great, during the period 1873–'88, under a new demand for one-third less gold than the former new supply, we can see in clear outline how appalling are the fluctuations of gold, even in comparatively short periods, when its movements are wholly unchecked by silver. And we also see how silver, when wholly disconnected from gold, seems to be much more stable in value than the latter, as compared with all other commodities, probably because its bases are nearly three times as extensive as those of gold : i. e. it is used by nearly three times as many people as a measure of value.

I am well aware that there is a very general and a very decided disposition amongst large numbers of economists in gold-standard countries, to deny that the operation of the universal law of supply and demand affects (ultimately, if not instantaneously,) the value of gold precisely as it does every other commodity.

If the people of those countries measured values by silver instead of by gold, probably they would more readily see and concede the truth of this maxim.

But trained political economists, thinkers deserving the name, philosophers who make a study of monetary science, one would say, ought to be able to follow out sound theories to their necessary conclusions, absolutely without regard to which monetary standard they may have been accustomed to. True philosophy cannot afford to thus hobble on crutches : she will not permit her votaries to plead accidents of environment, as excuses for defective logic. For, as Cormenin, with scornful elegance, said of the orators of France : "*It is by logic only they can hope to live*": a profound truth which orators and authors should ever keep in view.

It is the glory of modern astronomers that their theories concerning the solar system and the relation of our earth to that system, are not vitiated in the least by the fact that they happen to be inhabitants of this earth, and have never as yet been able to climb to any other world (except in imagination), and verify by observations from thence that this world, of a truth, has a dual motion, as they have learned to bel[illegible]y to the evidence of their senses.

Variability of Standards of Value.

No economic principle is more thoroughly settled than that all commodities whatsoever, silver and gold included, are constantly fluctuating in value, because all are subject to varying conditions of supply and demand. Inasmuch as the operation of this universal law of variation of value, as already pointed out, is deceptive when applied to the commodity used to measure other things by: as the commodity thus used, when measured by itself, shows no change; and as all other things measured by it constantly reveal variations in value, relatively to the standard and to each other, according to the general law; and, in fine, as by measuring silver by gold, and gold by silver, we find that there is no exception to the rule, we are led to ask: Is gold, is silver, is *any one* commodity sufficiently stable in value from year to year or from age to age to justify its adoption as a universal standard?

It is not alone the exact weight and fineness of the silver or the gold in the franc, mark, dollar or sovereign that we have to consider in answering this question: it is also the ever-varying value of the commodity contained in each of those units, thus so precisely defined, that must be taken into account.

This point is so important, so fundamental in its bearings on the whole question under discussion; and moreover, it seems to be so uniformly ignored in practice that I am constrained to consider it at somewhat greater length.

Political economists who insist that gold is more stable than other commodities, and who attempt to account for the remarkable fall of prices during the last seventeen years, throughout all gold-standard countries, on the theory that gold does not change in value, but that all other things do, appear to lose sight of the fact that this long-continued downward movement of prices, which has baffled and perplexed theorists and statesmen, and set at naught the business canons of merchants, manufacturers and capitalists in the western world, is practically unknown in the east or in silver-standard countries.

The average ratio of gold to silver in the London market for the ten years preceding 1873, as expressed, for convenience sake, in U. S. decimal money, and in terms of pure metal, would make an ounce of fine or pure silver, worth about $1.33 in gold. In 1873 silver began to fall, or gold began to rise, and the divergence has been going on steadily till the present price of silver is about 95 cents per fine ounce, showing an *apparent* fall (as compared with gold) of over one-fourth of its value, or nearly 29 per cent.; which, if it had been a real fall,

and gold meanwhile had remained constant to commodities, *would have involved a rise in silver prices, in all silver-standard countries, of considerably more than one-third, or very nearly 40 per cent.* This is, I think, a logical alternative from which there is no escape. But this great rise, or anything like it, *has not taken place.* On the contrary, prices in silver countries, according to evidence laid before the Royal Commissions of Great Britain, have remained fairly steady, with perhaps a slight fall in certain articles.

But there has been one notable exception: gold alone has enormously advanced in those countries, thus demonstrating, by the clearest possible testimony, to-wit, by actual experiment, or, by the actual course of events, that silver has remained truer to commodities and to all property, or has been a vastly steadier and juster standard of value than gold.

The mass of evidence on this point now before the world, as presented by the Royal Commissions and by many other authorities, is cumulative and irresistible. The only important economic change which has seriously disturbed silver-standard countries in recent years has been the remarkable, and to the people of those countries, wholly unaccountable rise in the value of gold. When it is explained to those people that western nations *prefer* gold, and that that very preference, by increasing demand, has been the cause of its great rise, they still wonder, why a high standard, which means low prices of all other property, should be preferred to a steady or constant standard, like their own, which has caused no unusual disturbance in values, by its fluctuations, as gold has among western nations.

Ricardo's Maxim.

One of the maxims taught by Ricardo, was, that money measures the value of commodities, and reciprocally, commodities measures the value of money.

A thorough comprehension of this subtle principle enables one to read price-tables both ways: i. e. to recognize that prices not only represent the money value of commodities, according to the obvious, popular interpretation; but that they also accurately indicate the relative value of money as compared with each commodity quoted.

This habit of reverse-reading of prices is exceedingly useful, and should be followed by everyone who desires to fully grasp the fundamental principles of monetary or economic science. One of the practical benefits the student of money derives from its practice, is that he thereby becomes more and more saturated with the truth, that all money-standards are variable measures of value.

It is the very common practice of many reputable economists to speak of the great tendency to fluctuate of all commodities except gold, thereby implying that the latter does not change. It would be about as absurd to talk about the motion of the heavenly bodies around the earth, if thereby we assume that the earth is immovable, because to us, who are on it, *it does not appear to move.*

Such illusions vitiate the reasoning of all who indulge in them, and preclude the possibility of arriving at right conclusions.

Reading Prices Both Ways: Experience of California.

During the paper-money era in the United States, from 1861 to '79, the people of California, who, ignoring Gresham's law, adhered to gold as their standard, in preference to the cheaper paper money, had a useful experience in this matter of reading prices both ways; for they were compelled, in their business dealings with the rest of the country, to know daily the constantly varying ratio between the paper-standard and the gold-standard; in other words, it became a practical business necessity, during all of that period, for them to be able to compute correctly the gold value of the paper or "greenback" dollar and the paper value of the gold dollar. Thus, when greenbacks and National bank notes fell to fifty cents, the correlative value of the gold dollar was two dollars in paper; that is the ratio of .50 to 1.00 is the same as $1.00 to $2.00; or, when gold went to 2.85, the paper dollars were only worth 35 cents, thus: 285 : 100 : : 100 : 35 +; and business men on the Pacific Coast received and paid them out at that, on whatever the current rate might be, till January, 1879, when specie payment was resumed, and their value was restored to par. And thus Californians acquired a ready facility in computing, *from both standpoints*, the relations, as they constantly varied, between the two kinds of money.

Many good people in the United States, legislators and economists, during that era, at first insisted that their paper-money standard did not change: that it was only gold that changed; which would have been as if a person, going up in a balloon and seeing the world sinking away from him, should believe that the little floating world in which he then happened to be, was immovable, and all other things were constantly changing their positions.

Ricardo's Maxim Applied to the Gold-Standard.

Applying Ricardo's maxim cited above (which may be construed as a suggestion that the student of money should read prices both ways), to the gold-standard, which seems to be considered by large classes of people, as a virtually non-fluctuating measure (on the same general theory, apparently, that the meter is held to be a measure that does not vary), we find:

(1) According to the computations of three eminent authorities, as collated in Wells' "Recent Economic Changes" (pp. 115, 121-2, 200), and substantially corroborated by other standard statisticians, that the average fall in the gold prices of leading staple commodities of the world, during a given period, was about 28½ per cent., thus:

According to
Sauerbeck, 1866-76 to 1885–6, they fell from 100 to 69;
"The London Economist," 1872 to '85–6, they fell from 100 to 70;
Soetbeer, 1871–5 to 1885–6, they fell from 100 to 75½; or, an average fall from 100 to 71½, or 28½ per cent.

(2) During the same period, 1870–3 to 1886, silver measured by gold fell from 100 to 75, or 25 per cent.

Supposing the divergence between gold and silver to have been as above, and measuring commodities by silver, the fall in the prices of commodities would have been less than 5 per cent., instead of more than 28 per cent.

(3) But prices in India, according to testimony given before the Royal Commission on Gold and Silver, showed but slight variations during the same period, or even as late as 1888.

(4) Gold measured by commodities, or by a multiple-standard, rose,

(*a*) According to Soetbeer, 32 per cent. The mathematical correlative of a fall from 100 to 75½, would be: 75.5 : 100 :: 100 : 132+;

(*b*) According to the "London Economist," 42 per cent.; 70 : 100 :: 100 : 142;

(*c*) According to Sauerbeck, about 45 per cent.; 69 : 100 :: 100 : 145, nearly.

From 1886 to 1888, there was a further decline in silver, whilst commodities remained comparatively steady.

On the 19th of May, 1888, silver was quoted in the London market at 41⅝ pence per ounce .925 fine; and in New York market, at 91 cents per ounce 1000 fine, which would make the ratio of value of gold to silver as 22.65 + to 1; and would indicate a fall in the gold price to silver, from the average ratio of the ten years prior to 1873 (15.53 tc [illegible] 'y 31½ per cent., or from 100 to 68½; or, con-

versely stated, a rise in the silver price of gold of 45¾ per cent., or from 100 to 145 +, which is the widest divergence between the two metals in the world's market, that was ever known.

Since 1888, silver has risen one or two pence per ounce; or, the strained relation between gold and commodities in the west, has slightly relaxed, causing a fall in gold or in the gold-standard, which of course can only register itself thus in an *apparent* rise of silver, by one or two points.

But what need is there of further elaboration of the proposition, that all standards of value, that is, the measuring functions of all units of value, constantly fluctuate?

As, in the nature of things, this is inevitable, the suggestion comes to us naturally enough, that our only remedy lies in the direction of a reduction of this fluctuation to a maximum.

When the imperfection of the ordinary pendulum revealed itself, an approximate remedy was found in what is known as "the grid-iron pendulum," which marks seconds with a good degree of precision.

So in measuring value: if an absolutely unchangeable standard is unattainable, experience has demonstrated, that it is at least possible to devise one that will minimize those changes.

We have seen that through the wise policy of France, silver and gold were held with marvelous uniformity, at a fixed ratio, in spite of stupendous disturbances, for nearly a century; and that the standard thus evolved from its dual bases, remained constant in its relation to commodities, notwithstanding those disturbances, throughout all that period, in a way that was surprising.

The experiment of France, in solving in a practical way, the pressing problem: What shall the world do for a stable standard of value? is worth volumes of argument.

In view of the splendid results of that experiment, and of the economic disturbances which have grown out of its temporary abandonment since 1873-4, we are led to make the inquiry:

By which of the following modes could the wealth, which has been created during the last seventeen years, have been most equitably or justly distributed, namely:

(1) By means of heterogeneous barter;

(2) By means of the gold-standard;

(3) By means of the silver-standard;

(4) Or, by means of a bi-commodity, or bi-metallic standard, similar to that which France maintained in full force and effect from *1803 till 1873?*

By the first method, the distribution, though slow, would have been just.

By the second, we have seen how said distribution has been immensely vitiated in the west by the rise of the measure (gold), used as a distributing medium, of over 40 per cent., as compared with its former relation to commodities in general.

By the third method, we can see how in the east there has been no serious fall in the measure (silver) used, or rise in prices; and that the distribution, being effected thus without change in the medium, must have been made by normal or natural processes, and therefore must have been made equitably.

By the fourth method, the standard, being linked to both silver and gold, might have advanced slightly above the level silver alone has maintained during the period named; but it certainly would not have gone up 40 per cent. as gold alone has done: and the western world would have been saved from the disastrous fall in prices which has been the direct result of its adherence to the single gold-standard.

If then this last mode of effecting exchanges—to wit, by means of a double standard—worked well for France and its monetary allies, for a long time, and besides, benefited the world at large, by preserving the monetary equilibrium between the gold and silver standard countries; and if, as is almost certain, it would have worked equally well during the last seventeen years, or, at any rate, with vastly less friction and less disturbance than the single gold-standard has done, with its terrible dislocation of prices; why should it not also work beneficently in the future both for those nations which adopt it, and for those which do not?

And why, it may be asked in this connection, if the adoption of the double-standard by France, and adherence to it for many decades, was profitable to the people individually, and to the nation as a whole, should there be any reasonable cause for fear, that if a convention of leading commercial nations should adopt bi-metallism, they would not adhere to it, when, if the foregoing reasoning be true, it would plainly be more profitable to adhere to it than to abandon it?

Is it ever thought necessary that nations or individuals should give bonds that they will buy in the cheapest market?

Has it not been more profitable for silver-standard countries to have paid for the specie they have needed in late years, in commodities at 95 or 98 or 100, than it has for gold-standard countries to have bought their specie, with commodities at 69 or 70, by exactly the difference between the quantity of commodities delivered, in proportion to the amount of specie bought?

Paper Representatives of Specie.

The deposit of equal legal-tender coins of gold and silver, in vault or warehouse, and the use in their stead, of their paper representatives as money, greatly facilitates the interchangeability of functions of the two metals. By this means, the last or nearly last vestige of difference in weight or portability is elminated from the dual species. And thus it becomes, in the vast body of transactions, both of government and people, a matter of indifference to the consumer or buyer or user of money, which, in truth, as a rule, he never sees, which metal this paper represents, provided that the gold or the silver it calls for be of standard weight and fineness, and will fully and satisfactorily perform the service he requires of it; and provided also, that he gets (as in the case of everything else he buys), a standard article at the lowest price.

Nevertheless, as materialization of the real specie, which paper money represents, in every system, is always imminent (and rightfully, too,) and, as in the last analysis, under a bi-metallic, alternative standard, the true signification of money contracts must be revealed, it becomes a matter of the first importance, that there should be no misunderstanding or chance for equivocation, by government or people, by debtor or creditor, at any time, as to

(1) Which metal is to be delivered in acquittal of contracts, entered into under bi-metallic law; and

(2) Whether the option, does or does not belong, by express implication, in all cases, unless waived, to the obligor or debtor;

(3) Which specie, in case of difference in value, shall be the true and legal standard; and

(4) Whether the value of standard coins of either metal may ever be tampered with by restriction or suspension of free-coinage; and

(5) Whether, according to the true theory of money, the functions of the State or the Government, should not be strictly limited, in the coinage of standard money, to the proper and accurate "gauging, weighing and certification" of the coins issued?

These points, which seem so plain as not to need elucidation, are yet very important, because, to a large extent, the stability of the bi-metallic ratio depends on their observance.

The theory of the alternative standard, by fair implication, I hold, assumes that all values are to be measured by the lower of the two commodities constituting the standard; that in accordance with the well-known law of self-interest, which is analogous to that other law, that motion is along the line of least resistence—and both these are like

that law which Gresham discovered—when men are entitled to an option (and that option is clear and explicit), as to which of two commodities they shall deliver in satisfaction of a contract, they will, as a matter of course, deliver the cheaper.

To *not* do this, is to reverse the ordinary natural law of human action.

And this brings us to the consideration of the question of

Genuine Versus Illegitimate Bi-Metallism.

The first of these is based on the operation of natural law, and under it, each specie has its own and never a borrowed value.

The second, ignoring the law of self-interest, arbitrarily adopts the dearer specie, making that the standard, and by thus increasing the demand for it, directly contributes to its appreciation; and as its accelerated upward movement thereby separates it farther and farther from the lower specie, the latter can only be kept at par, by first suspending or limiting its coinage, thus creating "a corner" on the (lower) specie already coined, and then, by making the cheaper coins receiveable for the same things that the appreciated coins are received for—which is not different in effect from making them interchangeable—the lower specie, thus by wholly artificial means, is maintained at par, at a fictitious value; the grand mass of the metal to which it belongs thereupon ceases to have any influence whatever on the standard, which latter is thereafter based wholly on one metal, and that the wrong one; and the result is a purely mono-metallic standard, differing from the ordinary mono-metallic standard only in this: that it includes "*token*" *unit* coins, in addition to "token" fractional coin.

To call such a system of money bi-metallic, in the sense that it is a bi-commodity measure of value, is to mis-name it: such nomenclature is altogether mis-leading; it is simply bastard bi-metallism; it rests solely on one metal, and uses the coins of another metal, at an artificial and not an intrinsic value, as subsidary coins only. And although names count for but little, it would be better to call money systems of this kind what they really and truly are, single-standard systems.

The monetary systems of the Latin union and the United States at present belong to this class: that is, the measuring power of their coins—*both species*—is determined exclusively by the commodity value of gold, and not at all by the commodity value of silver.

It is perfectly evident that silver has had no appreciable influence on the s[illegible] those countries since 1873–4, from the fact that,

as gauged by those standards, its price has constantly varied: whereas, if the standards had adhered to the lower specie (silver), of course the price of silver would not and could not have shown any fluctuations in price, whilst it (the standard) remained thus on the lower specie. As a matter of fact, when those double-standard countries defied the fundamental canons on which bi-metallism is based, by adhering to their dearer specie; when they severed their standard from all vital connection with the grand mass of silver, they cut themselves off from the transcendent benefits of stability in their measure of values which were attainable under the double-standard, as the experience of France for a hundred years had abundantly demonstrated; and with strange lack of forethought, they allied their fortunes to gold which, like a fickle dame, has played sad havoc with all their material values, causing them to shrivel, whilst, Siren-like, she has beguiled them into the belief that she alone was fair, and that, no matter how the course of events might belie her promises, she alone would always be their friend. And what has been the result?

Western nations, after seventeen years of vassalage to a queen who has grievously misled them, find that their standard is forty per cent. higher, in relation to commodities, than it was in 1873–4, and that it is forty per cent. above the standards of the east to-day; and that all other property except gold, has been subjected to a fearful shrinkage, which shrinkage accuratelly measures the premium they have paid for the use of gold, which, by using silver, they might have saved. Why should they have paid increased quantities of goods for gold alone during all this period when silver, or silver and gold together, would equally well have performed the service they have required of gold, without such an unnecessary waste of their substance?

Do the people of Europe and America think they can afford to pay the enormous premium of forty per cent. on all they possess, to gratify a mere fanciful preference for a particular kind of money?

I think the following truths—which seem to me to be self-evident—are fairly deducible from the theory on which genuine bi-metallism is based:

(1) The lower specie so long as it is the lower, is the true standard and legal measure of value; and its delivery is a substantial acquittal of a bi-metallic or bi-commodity contract;

(2) The explicit, absolute right to deliver either metal, belongs exclusively to the debtor: for such absolute right is inferentially "nominated in the bond";

(3) Genuine bi-metallism is only possible in the same monetary system, so long as the actual standard adheres to the lower specie, and that specie is freely-coinable. *This rule is inexorable.*

(4) The effect of limiting or suspending the free-coinage of either metal, is to change, by that very act, and at once, a double-standard into a single or one-commodity standard; and secondarily, to subject thereafter all values to the fluctuations of that single commodity. Moreover, the limitation or suspension of free-coinage of either metal, is in derogation of contracts entered into under bi-metallic laws, and is indefensible unless it can be clearly shown to be a necessity for the welfare of the body-politic.

It is not denied that by a limited and purely arbitrary coinage of the cheaper specie, the latter (to-wit, the specie, but not the universal commodity,) can be kept at a parity with the dearer specie, or with the standard; and that thus a fictitious "unity of standard" may be secured, which, however, whatever its apparent advantages, is not without its perils.

France and its monetary allies, and several other European countries, and the United States, are at present carrying enormous stocks of over-valued standard silver coins, amounting in the aggregate to over $1,000,000,000, on precisely the same principle that all money systems carry comparatively insignificant stocks of over-valued fractional token coins, which latter, however, have a legitimate use, namely, for change purposes; and as the amount of these is small in each country, there can be no great risk in maintaining them at par at an artificial value, as they are needed in effecting minute exchanges.

But to maintain, for no good reason, except to preserve a purely fictitious "unity of standard" over $350,000,000 of standard silver coins, at an artificial valuation, one-third greater than their legitimate or intrinsic value, as the United States, for example, is now (March, 1890,) doing; with an annual addition of $30,000,000, which may be increased under the Bland law, to $60,000,000, or more, is not altogether a safe policy. Of course, if silver and gold should return to their old ratio, whereby the bullion value and the coin value of the silver dollar would become equal, the danger of having the present fictitious or inflated (gold) value of such a large amount of silver dollars, suddenly squeezed out of them, through unwise legislation or other causes, would have passed.

In the meanwhile, public opinion in the United States, recognizing the palpable incongruity, not to say danger, of adhering to gold, with bi-metallic legal-tender in the statute-book, is divided as to the best mode of exit from the present anomalous situation.

The majority of the people, thoroughly believe in bi-metallism or in the double-standard, which they inherited from their forefathers, though by perverse practice, they have wandered far away from it, but they cannot agree as to the best method of getting back to it, or to any analogous system in which the standard shall be based on both silver and gold, instead of as now on gold alone. If one and a large class of the people can have their way, and a law, authorizing free-coinage of silver as they urge, is passed, there will be a sudden change from the gold to the silver-standard, or from the present 100 cent dollar to the 73 or 74 cent silver dollar (Appendix F), which latter would then become the 100 cent (silver) dollar, that would inevitably produce a great financial shock, unless some preliminary provision should be made to bridge over the existing chasm between the intrinsic values of the two kinds of dollars.

Free-coinage failing, this same class insists that the maximum of $48,000,000 of silver per annum, under the Bland law, shall be purchased and coined. Possibly the absorption, by the United States, annually of that much silver (which, at the present gold price of silver, could be coined into over 65,000,000 standard silver dollars,) would tend to bring the two metals together; though the arbitrary purchase of $24,000,000 annually during the last twelve years seems to have had very little effect in restricting the divergence: for the gold price of fine silver in February, 1878, the date of the enactment of the Bland law, was about $1.20 per ounce Troy; it has since been as low as 91 cents; at the present time it is about 95 cents per ounce. (Appendix G).

The Bland Act, though it has accomplished one of the objects Congress had in view in passing it, in that it has furnished a supply of coined silver dollars, of which the country was bare prior to 1878, (and which it will need if it ever gets back again to the double-standard,) is in some respects a clumsy measure: It establishes no intimate, vital relation between the standard and silver in general, the connection attempted to be established between the two, instead of being automatic, is wholly artificial.

The plan submitted to Congress at its present session, by Secretary of the Treasury Windom, for the solution of the silver problem, so far as one nation acting alone can solve it, is based on sounder principles than the Bland measure.

It recognizes in the first place, that there is a wide difference between the legal-standard (the lower specie), and the actual standard (now the higher specie); and it proposes such a policy as would almost certainly tend to bring the two metals together with the least possible friction or shock, by connecting silver with the standard automatically, first through gold, till their values assimilate: silver to be received at the mint without limit, *at its market value, which*, when it comes up to the legal par (or, when the gold-standard comes back to its former relation to silver), *will be its own value:* Then the connection can be made complete, without shock, or serious disturbance, by the establishment of absolute free-coinage. (Appendix H).

There are one or two other points that are illustrated by the experience of the United States in practical bi-metallism, which may be of interest in this connection, especially as they show how spurious or illegitimate or bastard bi-metallism or that in (which the standard adheres to the dearer specie), upsets or neutralizes the operation of some of the simplest principles of finance.

As the United States is a large producer of silver, it occurred to the late Dr. Linderman, formerly director of the mint, that by manufacturing a silver dollar slightly heavier than either the U. S. standard dollar or the Mexican dollar, the same might find favor in China, and thereby help to make a market for United States silver. In pursuance of this thoroughly sound suggestion, the coinage of a "trade-dollar" of 420 grains of silver, nine-tenths fine, was authorized by Congress in 1873; and, in all, about $35,000,000 were coined, most of which found ready sale in China, where they were well received, and preferred even to the Mexican dollar, being made a legal-tender at some of the Chinese ports.

As the United States advanced from its paper-money standard towards the specie standard, after the passage of the Resumption Act of 1875, the people made the mistake (perhaps because they had been so long unaccustomed to the use of metallic money of any kind) of adhering to their dearer specie, or to gold; for silver, which had been a legal-tender since 1792, had been, by devious methods, temporarily demonetized during the paper-money era, or from 1873 till 1878; and as by the Bland Act of remonetization, the coinage of silver was limited, of course, gold, in its upward movement, took the standard, and the few silver dollars, then being coined, along with it; when the anamoly was presented of 412½ grain dollars being (artificially) worth more than 420 grain dollars.

This was because the former, limited in number, were practically exchangeable for gold dollars; or, what amounted to the same thing, like functions were conferred on them as on the gold dollars, thereby giving them a gold value.

The trade dollars, not being limited as to coinage, and depending alone on their own intrinsic value, as all standard money should depend, became redundant at home, because they were cheaper than the appreciated standard dollar; some of them were returned from China, as there was a handsome profit in circulating them in the United States along side of the lighter standard dollars; and finally, but for no fault of their own, they became a nuisance, and their further coinage was prohibited.

And so, ingloriously, came to an end, an admirably devised plan for facilitating the sale, in a form that was wanted in China, of U. S. silver, because the domestic monetary policy of the United States was vicious; and Mexico, wiser in her day and generation than her more powerful neighbor, continues to hold the field as a seller of stamped or coined bullion in the east, because her coins, both at home and abroad, have but one value, and that is their simple bullion or merchandise value.

During the present year, a scheme has been broached for the establishment of a Pan-American silver dollar, identical in weight and fineness with the U. S. standard dollar. If that coin rested, as according to the true theory of money it ought to do, on the universal mass of silver, with coinage free, such a proposition might be exceedingly useful, not only to the nations of America, but to the world.

It would have a very solid and steady value, and like the old Spanish-milled silver dollar, might find wide currency and usefulness in many countries.

But to limit its coinage by apportionment, put it on stilts, and attempt to keep it at par with the gold dollar, or with gold in general, by artificial instead of by natural law, would be an exceedingly hazardous undertaking. For values, like water, are ever gravitating towards their lowest level. It is for this reason always unwise and always dangerous to attempt to maintain above their normal level, values of any kind, but especially standard money, by which all other values are measured. (Appendix I).

From the foregoing, and from the general mass of evidence now before the world, it is, I venture to affirm, an indisputable fact:
(1) That England and all countries whose sole standard was gold prior to *1873*, *have* suffered evils, the magnitude of which is beyond

computation, by the great rise of the single article, gold, and the consequent fall of everything measured by gold. It is no sufficient compensation for the distress caused by the universal decline of all property and all industries, to say that there is *one* exception: that, at least *one* commodity (gold) has gone up, even if every other one has gone down.

It is no sufficient remuneration for the losses of the great body of the people, resulting from the increase in the value of gold, and of its measuring power, to retort that at least a select few having fixed incomes, have been greatly benefited.

(2) That the countries which have changed from the silver-standard or from the bi-metallic standard to gold, thus blindly helping to enhance its value from 40 to 50 per cent., have unwittingly been buying money at a *high price*, when they might just as well have bought it at a *low price*; and they have brought on themselves evils growing out of an appreciated standard, by their own voluntary action, which they might easily have avoided. These evils were forced on those nations whose standard prior to '73 was gold; but those countries which have adopted gold since, brought these evils on themselves by their own acts.

Although, in isolated cases, persons and classes may be temporarily benefitted by a 40 or 50 per cent. increase in value of that material which measures value (which means, logically, an increase in its measuring power), as in like manner, certain persons might profit (at the expense of the community at large) by a similar increase of the standard cental or hundred-pound weight to 140 or 150 pounds; or, by the use of an elastic yard-measure that should stretch in the same proportion: i. e. from 36 to 50 inches or more; yet abuses of this kind would not be endured for a day.

Why should the civilized nations of the world tolerate the use of standards of value which fluctuate to this appalling extent, any more willingly than they would tolerate standards of length or weight, that were liable to similar variations in their measuring power, if, as has been unequivocally demonstrated by actual experiment, a remedy or even a partial remedy, is available?

Although the far-reaching and disastrous effect of this great rise of gold, on the material prosperity of western nations, has revealed and is continually revealing itself, with startling and painful clearness, gold partizans or *gold maniacs*, still hold fast to their idol with a persistence that seems amazing.

Gradual Rise of Gold, from Age to Age.

The mere fact that one ounce of gold formerly would do the work as money, of 10 or 12 ounces of silver, caused a preference for gold, which was natural enough.

But therein lurked a great danger: that very preference caused an increased demand which resulted in a rise of gold, till it became 15½ times as valuable as silver, at which ratio it was held by French currency law for a century or more, or till 1874, when the link binding it to silver was severed; and that same preference, based on no substantial reason (for as already noted, the general use of paper substitutes for silver and gold, practically eliminates or neutralizes their difference in weight), caused gold to break away from its old relation to silver and to all other property, and go up to a ratio of 22 and even higher; in other words, its steady and persistent appreciation has made it worth in silver more than double its average value in the XVIth century, when one ounce equalled 11.32 ounces of silver (Soetbeer, Edelmetall-Production, pp. 126 et seq.); whereas, in May, 1888, its market ratio made one ounce of gold worth 22.65 + ounces of silver; with every probability, that so long as leading nations of western Europe and America, persist in following their present fatuous policy of sacrificing stability or constancy of value, to mere convenience in handling or portability (when in fact, modern exchange does away mostly with the actual handling of either gold or silver), it will go still higher, causing a further fall in prices and carrying distress in its upward movements in the future as it has done in the past.

In Soetbeer's tables, just referred to, (see also Laughlin's History of Bi-metallism, appendix II, p. 220,) it is shown that gold rose relatively to silver, in three centuries, from an average of 11.32 to 1, to 15½ to 1, or a little over four points. Whereas, *inside of fifteen years*, from 1873 to 1888, it rose relatively more than 7 points, or from 15½ to 22.65.

In other words, its appreciation in its relation to silver was nearly twice as great in fifteen years as it was in the previous three hundred years!

Can the world look forward with indifference to the time when one ounce *of gold shall* equal in value 25 or 30 ounces of silver? when

one dollar in gold shall be worth two dollars in silver, or five francs in gold shall be worth ten silver francs; and when that metal (gold) shall have appreciated relatively to all other commodities in a like proportion?

And here we come in sight of the profound wisdom of M. Cernuschi's proposed ratio of 14.95 +, which is, in fact, a practical compromise on the basis of existing bi-metallic systems.

In the first place, it is good for the well-being, for the economic health, of all the world, that a stand should be made against this senseless doubling-up of the relative value of gold, whereby, in effect for a whim, its stability as a measure of value, is destroyed.

It is time to recognize the necessity of adopting a policy that will check this perpetual tendency towards divergence between the two metals, instead of yielding indefinitely to it; for it leads insidiously, but surely, to the unsettling of all material values. It is certainly for the best interests of all nations and classes that the disparity between the working power of the metals should be diminished, within reasonable limitations, rather than increased.

By combining the United States gold dollar with the French silver five-franc piece, as the dual units of a new system, not only a ready mode of connecting the existing money systems of the United States, and of France and her monetary allies with the proposed "just system" is provided, whereby a vast re-coinage is avoided; but a slightly greater efficiency is given to silver over the old 15½ ratio, which France maintained, and which was practically the world's ratio for more than a century.

A proposal to return to 15½ with the expectation that the United States would adopt that equation, would have involved the entire re-coinage of both her gold and silver dollars (amounting at the present time to nearly $1,100,000,000), and a readjustment of her money system, and of all existing contracts made under the same to a new and totally different system.

[The adoption of the gold five-franc piece and the United States silver dollar, as the new monetary units, would, it is true, have connected two existing money-systems with the new system, in a feasible manner; and an immense re-coinage would also have been avoided, as under the proposition of M. Cernuschi: but the ratio, instead of being 14.95 +, or 15, or 15½, or 15.98 +, would have been 16.57 +, an increase over any existing legal ratio, of the disparity between the measuring pow[illegible]er and gold, instead of a decrease.]

The ratio of weight, in Troy grains, and in grammes of standard gold and silver coins (nine-tenths fine), of France and ot the United States, and also their ratios of value, may be compared thus :

	Gold.		Silver.				
French system	5 fr.		5 fr.				
Troy grains	24.89 +	:	385.8 +	::	1	:	15.50
Grammes	1.6129 +	:	25	::	1	:	15.50
U. S system	$1.00		$1.00				
Troy grains	25.8	:	412.5	::	1	.	15.98 +
Grammes	1.6718 +	:	26.7 +	::	1	:	15.98 +
"Just" system	G. just		S. just				
Troy grains	25.8	:	385.8 +	::	1	:	14.95 +
Grammes	1.6718 +	:	25.	::	1	:	14.95 +
G. 5 frs. to S. Doll	5 frs.		$1.				
Troy grains	24.89 +	:	412.5	::	1	:	16.57 +
Grammes	1.61 +	:	26.7 +	::	1	:	16.57 +

Ratio of value : If 385.8 + grains silver, equal 5 francs, then 385.8 + grains gold, equal 77.50 francs; or, 5 f : 77.50f. :: 1 : 15.50.

If 412.5 grains silver equal $1, then 412.5 grains gold equal $15.98; or, $1 : $15.98 + :: 1 : 15.98 +

If 25 grammes of silver equal 5 francs, then 25 grammes of gold equal 77.50 francs ; or, 5 f. : 77.50 f. :: 1 : 15.50.

If 1.6129 + grammes of gold equal 5 francs, then 25 grammes of gold equal 77.50 francs ; or, 5 f. : 77.50 f. :: 1 : 15.50.

Since silver and gold have drifted, independently of each other, (i.e. since 1873 or '74) their relative value has varied all the way from 1 to 15½, to 1 to 22.65 +.

The advantages of a uniform legal ratio extending throughout all double-standard nations, between silver and gold, the world has never yet enjoyed. France held the grand masses of the two metals together at 15½ with wonderful steadiness, in spite, not only of enormous variations of supply, but of the existence in other countries of legal ratios, differing from her own. (Appendix J).

If a common ratio and legal-tender are adopted by several, or all double-standard nations, thus organizing or establishing the free-play of self-interest (which seeks to buy the cheaper money), on the same line, instead *of on differing* and antagonistic lines, so that it would be ad-

vantageous for all to work to the same end, it is not apparent how it could be for the interest of any nation to evade or depart from such a policy.

Assuming that it will be universally conceded that the world's exchanges must be effected, either by means of silver and gold, fluctuating separately and independently of each other, or else by the use of the two, united in harmonic accord; and comparing the practical results of the latter mode, as exemplified, not only in France, but throughout the world, from 1803 to 1873, with the disastrous disturbances of values, resulting from the former mode since 1873, is it not perfectly obvious that western or gold-standard nations cannot afford to longer let the standards drift apart without at least attempting to seek a remedy?

Probably no such general and persistent fall in prices has ever occurred in the world's history in the same length of time, as that suffered by all gold-standard countries during the last seventeen years.

The appreciation of the United States paper, or "greenback" dollar from 35 cents (gold value) in 1864 to 100 cents in 1879, with all its attendant shrinkage of values was, of course, a more drastic local example of the rise of a standard; but its immediate effects were mainly confined within the limits of the United States.

But the rise of gold as measured by commodities and by silver, of from 40 to 50 per cent. since 1873-4, has made its baleful influence felt wherever gold is the standard.

In tracing out some of the incidental effects of bringing silver and gold together at the rate of 14.95, as proposed by M. Cernuschi, and since the body of this essay was written, it has occurred to me that one very important result of such a consummation, will be to change the vast mass of inert, standard silver coin, which now lies encysted or locked up, in the gold and psuedo bi-metallic systems of Europe and America, doing only delegated or "token" work, into active or potential money: in other words, the great body of coined (standard) silver, which the rise of gold in late years has lifted from its former normal level, and from all vital connection with the commodity, silver, would be changed from a negative to a positive force in the monetary world.

The writer has not at hand data, for accurately determining the present amount of this class of silver coin, which formerly, or before the great disruption of values, caused by the scramble for gold, did efficient monetary work in virtue of its own inherent power; but

which now is reduced to the insignificant role of token money, and is being carried (in a state of crippled inefficiency) by the monetary systems of the west, at an artificial or gold valuation. But it must be very large. Dr. Soetbeer, in his "Materialien," (reproduced in appendix to Report of Gold and Silver Commission, pp. 202 et seq.,) estimates the monetary stock of legal-tender or 5 franc silver coins of France alone, at the close of 1885, at 3,000,000,000 francs, or $600,000,000 ; and of other European countries and their colonies, at about $185,000,000 more, in addition to their small coin.

The United States at the present time, has over $350,000,000 of standard silver dollars. Other countries are carrying considerable stocks of similar full legal-tender silver coin. So that not less, probably much more, than $1,000,000,000 of silver now lying dormant, or only performing the insignificant function of token-money, would at once become effective money, measuring value by its own instead of by a borrowed (gold) value.

This silver, whatever the amount, is almost as effectively lost as an active force in the monetary world as it would be if it were transported to China. If western nations have shut up a billion dollars, more or less, of silver, thereby causing it to become dead money ; and have absorbed since 1871 an equal amount of gold, as estimated by Mr. Goschen in 1883, to make good the deficiency (Report Royal Commission, appendix, p. 210,) no wonder there has been a fearful disturbance in values.

To use all these full-weight silver coins, merely as "counters" to represent gold, as gamblers use ivory "chips" to represent coin, in addition to the large aggregate amount of fractional silver which is needed by the world for change purposes, seems excessively wasteful.

This waste of money-force may be brought to an end by a return, or an approximate return, to that state af affairs which, prior to 1873, had endured for a century, and on which the money-contracts of a century were based.

The adoption by several leading commercial nations of the former ratio of 15½ or, better still (for reasons already assigned) of the ratio closely approximating to it, of 14.95 +, as proposed by M. Cernuschi, would assimilate the values of gold and silver (by bringing one metal down, or the other up, if gold-partisans prefer to put it that way,) so that the standard silver coins of the west, like those of the east, would rest securely upon their own and not on a borrowed value ; and thereby a billion or a billion and a half dollars of idle capital, which the world cannot afford to let lie idle, would be revivified and made an active force, to aid in the world's material development.

Would the effect of the conversion of this, at present, practically inert hoard (i. e. inert so far as its own measuring capacity is concerned), into potential money, in its own right, be greatly different from the addition of an equal amount of new silver from the mines? Indeed, being already coined, would not its influence be more quickly felt on the industries and commerce of the several countries owning it, as well as on the industries and commerce of the entire western world, than would the sudden production of that much crude ore or bullion?

[An equation based on the gold five-franc piece and the silver dollar, and the assimilation of the two metals to that ratio (16.57 +), would, in effect, leave the entire mass of standard silver coins of the Latin union, and of all other nations maintaining the same ratio—in other words, the immense amount of silver-franc coins of Europe—in their present ineffective condition of tokens, or flunkies of gold; for if a coin of 412½ grains of silver became one of the dual units of a general bi-metallic system, of course, a coin of 385.8 grains would be of inferior value; and it could not be recoined or melted down without loss: therefore, it would remain as it now is, in a state of limbo—otherwise, in a condition of useless inactivity or impotency.

Of course, the bringing of gold and silver to a parity at the latter equation, would cause all the standard dollars to become active money, as in the former equation, because, in this latter case the new silver unit would be identical with the U. S. silver dollar.]

The benefits which would accrue, not alone to the countries of the so-called Latin union, but to the world, from the adoption of a policy that would again make useful as an efficient force, the silver "franc" money of the world, as proposed by M. Cernuschi, should not be considered an innovation, but rather a return to a former state: as a step, in a sense, demanded by the equities of the case. Moreover the restoration of more than one thousand million dollars of coined silver to activity and vitality, in its own right, would certainly benefit not one nation only, but all the world.

Adjustment of Existing Money-Contracts to the "Just" System.

The principles involved in a change from existing monetary systems, and in the adjustment of contracts made under them, to the "Just" system, are comparatively simple.

The obligors in those contracts agree in substance, to deliver certain numbers of grains or grammes of silver, or of gold, of standard fineness; or, of either metal, at their own option; and, of course, in

changing the legal units by which this shall be done, scrupulous regard for the equities of the old contracts must be observed, in providing for their liquidation in terms of the new system.

These principles have received practical illustration in the German monetary laws of 1871 and 1873. Unquestionably the law of equivalence in the new payments, must be strictly followed: for the rest, it is mainly a question of clerical computations.

The United States.

Whenever the United States adopt the "Just" system, and the par of 1 to 14.95 + is established in the market value of silver to gold throughout the world, all existing contracts for the payment in "dollars" (where the kind of dollars are unspecified), can be legally and equitably liquidated, first, in gold "justs;" because that coin will be identical in every particular, except in name, with the gold dollar; and second, whenever silver "just" coins (of 385.8 + grains, or 25 grammes,) can be freely exchanged for gold "just" coins; or, whenever uncoined bullion of the former, of standard weight and fineness, is exchangeable at the par of 14.95 +, for the uncoined bullion of the latter, every debtor can practically, if not technically, pay in silver justs.

Whenever the substantial equivalency of silver and gold shall have been maintained for a reasonable length of time, say six or twelve months, such contracts might be made legally payable in either gold or silver justs. The reasons for this are: the contracts were originally payable in *either* gold dollars of 25.8 grains each, or in silver dollars of 412.5 grains each. But as in the case supposed, 385.8 grains of silver, coined or uncoined, will have become equal in value to 25.8 grains of gold, coined or uncoined, no hardship or injustice will be imposed on the creditor, if the law ordains that after the new par shall have become firmly established, the old contracts may be made payable in either gold or silver justs: for it will not be for the interests of any class, either debtor or creditor, to perpetuate indefinitely, within the same jurisdiction, two radically differing monetary systems.

If 385.8 grains ot silver should become equal to the gold dollar or gold just, 412.5 grains of silver would be worth nearly seven per cent. more, or $1.07.

And if the creditor received the cheaper (gold) dollar (just), or its equivalent in value, the contract would be fully and righteously satisfied.

In the contingency that silver and gold, as commodities, should not be brought substantially to the par of 14.95; or, in case that they should not remain there, it might be expedient to ordain somewhat as follows:

(1) Contracts for the delivery of money, made *after* the legal adoption of the just system, shall be payable in justs of either metal without limitation, at the obligor's option;

(2) "Dollar" contracts shall be payable,

(*a*) In gold justs, or

(*b*) In either gold or silver justs, when (within some reasonable time), the course of events shall have given assurance of the probable stability or permanency of the new ratio.

As a further illustration of the principles herein involved, it may be useful to point out the legal significance or meaning of that class of contracts which men enter into, in which they agree to deliver specific quantities of either of two commodities—which is literally what dollar, franc and like contracts are. The strict letter of these contract is found,

(1) In the contracts themselves; and

(2) In the public statutes, which define in exact terms, what constitutes dollars, francs, etc.

An agreement to pay, for example, $100, is substantially a promise to deliver, either

100 times 25.8 grains of the commodity gold, or 2580 grains; or (at the payer's option),

100 times 412.5 grains of the commodity silver, or 41250 grains; both metals to be of standard fineness.

Of course, these commodities must be gauged and certified to, and fabricated into merchantable form (coin), which means their most convenient and most reliable form for general use, by the National Government.

Under the constitutions and laws of most countries, the government is made the public "weigher and gauger" of the precious metals (Appendix K); and it can only do this effectively and reliably by assaying, refining, weighing and fabricating the metals into convenient forms for use (coins), observing in every step the utmost care and precision, in order to prevent the possibility of fraud: for these coins are to be used in turn both by government and people to measure other values by.

But the delivery, in the case cited, of the precise quantity of metal called for, is the main element of the contract: the

matter of its being coined being only of secondary importance. As a matter of fact, uncoined bullion is often used and preferred in the settlement of international balances.

The essence of contracts to deliver gold and silver, or either of them, consists or should consist, in the agreement to transfer definite quantities of silver or gold bullion, or the ownership thereof, or the values which inhere in them as commodities or as articles of commerce. And the implication in the original contracts, to that effect, in the above example, could not, or ought not, to be more binding (even if they are thus made a trifle more explicit), if expressed according to the forms I have given. But juggling-coinage laws in recent years, in professedly double-standard countries, have defeated and rendered of no effect those implications, so far as silver is concerned.

A silver dollar signifies, or should signify, 412½ grains of silver, nine-tenths fine, carved out of the average mass of silver in the world, having, by implication, the same value as every other 412½ grains of the grand mass. Instead of having that honest value, and doing honest work therewith as money, it is increased in value, by perverse legislation and perverse practice, the moment it is coined (at the present time) more than 36 per cent! or, from a (gold) value of less than 73½ cents to 100 cents gold, and thereafter becomes the flunky of gold, and no longer does work on its own account.

The 25 grammes of standard silver, of the silver five-franc piece, in like manner in theory are supposed to have substantially the same value as every other 25 grammes of the average mass. But instead, this value is increased artificially about forty per cent. by the mere process of coining.

France.

In providing for the liquidation, under the "Just" system, of money contracts payable in "francs," the same general principles should govern as in contracts payable in "dollars." In both cases, the adjustments from the old to the new, would be by analogous methods: for the gold dollar and the gold just on the one hand, and the silver five-franc piece and the silver just on the other, would be respectively identical in all respects except in name.

Legally and morally a contract to pay, say 1000 francs, means a promise to deliver, either:

1000 times .32258 + grammes of the commodity gold or 322.58 grammes; or (at payer's option),

1000 times 5 grammes of the commodity of silver, or, in all, 5000 grammes; both of standard fineness, and, of course, in the ordinary merchantable or coined form.

The significance of the same contract might be expressed in Troy grains thus, the debtor in said contract in effect, agrees to deliver:

1000 times 4.97817 + grains, or in all, 4978.17 grains of gold; or, at payer's option

1000 times 77.1617 + grains, or in all, 77161.7 + grains of silver, each of standard fineness, etc.

Of course, as the silver five-franc piece and the silver just are identical in weight and fineness, all franc contracts would be payable in silver justs, five of the former being counted for one of the latter: 200 justs being the exact équivalent of 1000 francs.

If the silver just should become equal in value to the gold just of 25.8 grains, of course the gold five-franc piece of 24.89 + grains would be of less value (about 3½ per cent.) And under a strict or technical construction of legal right, a debtor might, perhaps, claim that he should still be entitled, after the charge of systems, to the option of paying a debt, contracted in terms of francs, in the cheaper gold five-franc pieces, or their equivalent in standard gold, thus:

1000 frs. in gold of 4.978 + grains equal	4978. +	grains,
1000 frs. or 200 gold justs of 25.8 grains equal	5160.	grains.
Number grains gold in excess of 1000 frs.	182.	grains.

Which would equal 36 francs 59 centimes.

Whilst the debtor should not, of course, be required to pay in liquidation of a 1000 fr. contract 36.59 fr. more in gold than he promised to pay, he certainly would have no cause for complaint, if compelled to pay the number of grammes, which he agreed to deliver, of silver, which would have been precisely the metal he would have used if the change had not been made.

Of course, all money contracts entered into after the legal adoption of the just system in any country, would be payable in either metal, without regard to what their relative market value might be.

Germany.

Existing contracts in Germany payable in gold marks, could be connected with the just system by means of the commodity of gold, which is common to both systems : it would only be requisite to compute the equivalence in weight in "justs" of the gold called for in contracts made in marks (the fineness of standard gold being the same in both systems), which would be merely clerical work.

A contract to pay 1000 marks, signifies an agreement to deliver 1000 times 6.14589 + grains, or, in all, 6145.89 + grains of standard gold (nine-tenths fine).

If made payable in gold justs of 25.8 grains each, the equivalent sum would be : 6145.89 + divided by 25.8 equal 238.21 + justs.

This would be an exact or absolute compliance with the essence of a contract to pay 1000 marks.

Thus : 1000 marks equal 6145.89 + grains standard gold; 238.21 + justs equal 6145.89 + grains standard gold.

In grammes : 1000 marks signify,
1000 times .3982477 + grammes of gold, nine-tenths fine, or 398.2477 + grammes ; which divided by 1.6718 + equal 238.21 + gold justs, as before.

How long a time, after the establishment of the gold and silver just ratio,—14.95 + to 1—ought to pass before debtors should be given the legal right, without the consent of creditors, to liquidate old debts in silver justs equally with gold justs, would, and should depend upon the government's best judgment.

Sound public policy would indicate that, as soon as might be, after the values of the two metals in the world's market, should have adjusted themselves to the legal ratio, and an abundance of the new coins should have been provided, the old (standard) coins should be withdrawn; as the concurrent circulation of coins of similar but slightly differing value, as experience has often demonstrated, is liable to cause more friction or confusion (by reason of their liability to be confounded with each other) than if the difference in value of such standard coins were so great that there would be no disposition on the part of the people to use one for the other.

England.

All contracts for the payment of English money means that every pound sterling calls for the delivery of 113.0016 + Troy grains of the commodity pure gold.

The adjustment of these contracts to gold justs, on the principle of equivalency, of fine or pure gold, should not be a difficult matter. And after the market par of 14.95 + to 1 shall have been established, and shall have become reasonably stable, as it must if the "Just" system is concurrently adopted in good faith by the four great commercial nations, England, France, Germany and the United States, under the belief on the part of all of said powers, that each nation would be more benefitted by adhering to the principles on which that system is based, than by departing from them, complete adjustment of sterling contracts to the new system, could be provided for on the principle of equivalency of value or of purchasing power of the two species, without injustice to anybody.

One hundred pounds sterling mean 100 times 113.0016 + grains fine gold, or 125.5774 + grains gold, nine-tenths fine, which would give 12557.74 + grains: this divided by 25.8, the number of grains in a gold just, would give 486.66 +.

Therefore 100 pounds sterling would equal 486.66 gold justs, or, what is the same thing, 486.66 gold dollars.

The adoption, by the three great European powers above mentioned, of the "Just" system, would undoubtedly result in the extension of the same system to their colonies, thus practically establishing a uniform ratio between the two metals throughout the world.

LOS ANGELES, CAL., U. S. A., April 2, 1890.

APPENDIX.

A.—The charge, often made, that one or the other of the money metals is, or can be "degraded" to a commodity, if my theory is sound, has no significance or force. Both these metals are simply commodities, whether used as money or not: even their outlawry in this capacity, or "demonetization" as it is called, in certain restricted localities, does not prevent the greater portion of the human race from still availing themselves of this commodity use of the precious metals, which use they will doubtless always insist is one of their most important commodity uses.

B.—Precisely as the *new* and largely increased use of gold as money (and practically as a sole standard), since 1873, by western nations, to-wit, by Germany, Scandanavia, the countries of the Latin Monetary Union, the United States, etc., or, by nearly 200 million people, has enormously enhanced the value of that metal; and just to that extent disturbed its measuring power as a distributor of wealth. That gold, being the standard in those countries, does not and cannot show its own rise (except by a general fall of prices, which is the synonymous term for a rise of the standard,) in no respect alters the fact that there has been an enormous advance in the relative value of gold, as compared with commodities in general, since 1873, as many eminent statisticians have conclusively shown.

C.—Thus, if in an isolated, rural community, the people should use wheat, corn or some other grain as a medium and standard of exchange, the market price of all other things measured by that standard, would, of course, constantly show variations. But it would be a superficial and wholly unwarranted deduction to assume that only the things measured changed in value, and that the article conventionally or arbitrarily used as a standard, did not change. And this would be true of any article whatsoever that might be used as a common measure of value. For, after all, value is but the relative estimate men place on good things; and that estimate must perforce, from an infinite variety of causes, constantly vary. *The length of a meter* is absolute, exact, and never changes. *The value of a dollar*, or of a pound sterling, depending as each does, and as does each thing either buys, on the judgment or whim or estimate of mankind as to its relative desirability, never ceases to change.

Men—sometimes *learned men*—fall into grave errors in this matter from two causes:

(1) They confound ever-varying standards of *value* with never-varying standards of *weight*, *extension*, etc.; and,

(2) As a standard of value does not and cannot, except indirectly, reveal its own fluctuations; in other words, as its movements are veiled, they assume that it does not change, which is contrary to the fact and to the most rudimentary teachings of political economy.

D.—Since these paragraphs, in the text of the essay, were written, their truth has been most strikingly illustrated in the startling crisis which culminated in London, on the 14th day of November, 1890, and later in other parts of the world where gold is practically the sole standard.

To avert an impending financial cataclysm, the extent and destructiveness of which no man could forecast, the Bank of England, the custodian of the reserves of all the banks of the United Kingdom, was compelled, with the aid and indorsement of the British Government as surety, to borrow about twenty-five tons of gold from the Bank of France. This was the hard alternative of permitting one of the leading banking institutions of the kingdom to "go into liquidation;" and possibly of dragging the Bank of England itself and other large financial institutions into the same remorseless vortex. And all this, because the English people will insist, not only on using a single metal wherewithal to effect their vast exchanges, but who also insist that they will only use the *minimum* amount of that one metal, the growing scarcity of which (in proportion to demand), is constantly staring them, and all gold-using countries, in the face. One is impelled to ask: what would have happened if the policy of the Bank of France had been modeled after the English plan, of gold-mono-metallism, pure and simple, with no surplus which it could safely loan to any foreign bank? Where else in all the world could $15,000,000 in gold have been found, in default of which the Barings, and possibly the entire banking system of the foremost commercial nation of the world, must have collapsed.

Suppose on the heels of the Baring disaster a second large appeal for aid had been made to the Bank of England. What then?

A writer in the *Fortnightly Review* for December, 1890, in quoting the *Economist's* estimate that the total deposits of the whole of the banks of the United Kingdom are about £600,000,000 ($3,000,000,000), makes the astonishing statement (p. 952) that the Bank of England's reserve, "upon which the liquidation of the whole of these deposits practically depends," only "ranges from 1½ to at the outside 3 per cent. of their amount." And, as the writer very truly asserts: "For the whole banking system of the country this reserve is therefore a trifling security."

If "liquidation," which English financial writers are not backward in preaching to other people on occasion, should happen to be forced upon English financial institutions by the course of events, and by the scarcity of gold, what would be the outcome?

Undoubtedly the banks of England control enormous wealth; but that they are short of gold, and that this shortage comes fearfully near the danger line in abnormal times, is evidenced by their late heavy borrowings, which, it is understood, must soon be returned.

Considering the immensity of the contracts made daily, and maturing daily for the delivery of money, in any country, and especially in a highly commercial country like Great Britain; and considering that the two commodities, gold and silver, were held at a substantial parity at a fixed ratio for a century, by natural law, supplemented by wise human legislation, is it not perfectly obvious, without argument (except, perhaps, to those somewhat narrow-minded but intensely prejudiced persons known as gold-mono-metallists or gold-mono-maniacs), that that money system which is able to practically measure identical values by using either one of two universal commodities, is better and safer and more stable than a system which depends exclusively and absolutely on one?

E.—In working out the theory of the great "Object-lesson" furnished to the world by France, from 1803 to 1873, strictly on the lines I adopted and wholly without regard to extraneous results, I was agreeably surprised afterwards to note how effectually and, as I think, satisfactorily, by rigorously logical reasoning, I had accounted for the widely-known and very significant fact, that the French nation possesses and long has possessed, by far the largest amount of metallic money *per capita*, of any nation in the world.

F.—Since the passage of the silver-purchase law of July, 14, 1890, by the United States, the gold price of silver has varied greatly. Of course, in view of the exciting scramble for gold which Europe and America have been engaged in during the last three months, it would be altogether erroneous to charge these variations wholly to silver or to speculation in silver. It is said that the level-headed people of Holland many years ago adopted silver as their standard in order to free it (their standard) from the fluctuations of gold caused by the vast stock speculations of London.

Of course the adoption of free-coinage by the United States will temporarily bring our standard to a silver basis; and if this is brought about whilst the gold price of silver is much less than 1.29 + per fine ounce, serious disturbance will result, growing out of the sudden change of standard from our higher to our lower specie, from which latter we never ought to have parted. But the adoption of silver, or the lower specie as the standard, thus liberating nearly $700,000,000 in gold, would soon cause gold to fall to a parity with silver, were it not that a vast aggregate of promissory notes are out, specifically payable in gold, or its equivalent in value. If, however, the great body of exchanges of the country shall be effected in silver, the tendency will be strong to bring the two metals together. If this shall be accomplished, the hardship of paying specific contracts in the equivalent of gold will disappear, because silver will then have become the equivalent of gold at the legal ratio.

G.—The very serious fall in the gold price of silver since 1873-'4, I hold, is in fact mainly a result of *the great rise in the value of gold*, caused by the new demand for gold as a standard, or as money, by two hundred million people since that date. I have assumed this to be the true explanation of the startling divergence which has arisen in late years, between the two metals, throughout this essay, as all who have followed my reasoning must doubtless have observed. Indeed, all the facts agree with this theory, which facts may be briefly summarized, thus: (1) Staple commodities measured by gold, have fallen greatly; (2) silver measured by gold has shown nearly the same fall as commodities; (3) but, commodities measured by silver, instead of showing a rise, have shown a slight fall; (4) gold measured by silver has risen greatly; (5) but measured by a multiple-standard or by the world's staple commodities, gold has risen enormously, whilst silver, by the same multiple-standard, has not fallen at all: on the contrary, it has risen slightly.

Not only can every one of the foregoing five propositions be conclusively established theoretically by computations based wholly on prices in gold-standard countries, but actual market prices in silver-standard countries abundantly fortify and corroborate this theory beyond any reasonable doubt. In other words, the theory that *gold has appreciated*, fully accounts for and harmonizes with every one of those propositions; whereas, the theory that there has been any serious fall in

silver (except in its gold price), is totally inconsistant with proposition number three; and would, if it were the true theory, involve the absolute negation or reversal of proposition number five.

From whence it follows, that quotations of the fall of gold prices of silver and other commodities mean, rightly interpreted, simply a rise in the relative value of gold.

H.—I still believe that Secretary Windom's plan was the true one, namely: to receive silver at the mint *at its market value, without limit;* (for that indeed is the strict analogue under the present peculiar situation, of the mode in which it would be received if it were at par with gold, and coinage were free; for it would then, in fact, be received as is gold at present, at the mint, at its market value—which, in that case, would be its own value—without limit;) only the privilege of redemption of certificates in bullion at market rates, should have been stricken out, as such option would have furnished speculators an opportunity to "bull and bear" the silver bullion market. With that feature eliminated, the measure, if it had been adopted by Congress, would almost certainly have caused the gradual assimilation of the two metals to a parity at the United States equation, thus making free-coinage possible without working serious hardships on either debtors or creditors.

I.—The attempt to establish a common silver coin by all the republics of this continent must inevitably encounter some very serious obstacles. So long as the United States adheres to illegitimate bi-metallism, or to its dearer specie, thus giving to its cheaper specie a (local) fictitious value, the adoption of the Mexican dollar of 416 or 417 grains (as has lately been proposed), or of a dollar of 420 grains like the U. S. "trade dollar," or even of a much heavier coin, as a Pan-American dollar, would be sure to cause confusion in the domestic money system of the United States, as the "trade dollar" did formerly; for there would be profit in circulating it along side the appreciated standard silver dollar of 412½ grains. It would inevitably gravitate to the United States, instead of circulating in Spanish America or traveling to China and to the Islands of the Pacific, because, like the "trade dollar," it would be worth more in this country (to the extent that it could be surreptitiously introduced here) than anywhere else in the world.

If the United States would return to the practice of sound bi-metallic principles (i. e. make its lower specie its actual as it is its legal standard), it would then be possible for it as a nation to negotiate with its neighbors with some prospect of success, for the adoption of a common and mutually beneficial monetary policy.

J.—Prior to 1834, the legal ratio of the United States was 1 to 15, whilst that of France was 1 to 15½, which tended to send silver to the former country and gold to the latter: in other words, the differing ratios antagonized each other. Unfortunately, the United States, in making a change to correct this evil, instead of adopting 15½ as a common ratio, went to the other extreme and fixed on 1 to 16 or 1 to 15.98, thereby still perpetuating the confusion of differing and conflicting ratios. And as a result there was a profit in sending our standard silver coins to the French mints, and of course, the total coinage of standard silver dollars down to 1878, amounting to about $8,000,000, entirely disappeared. If, as is generally conceded, it is really and truly the present policy of the United States to so shape

its legislation as to bring the two metals to a parity at our legal ratio, and if, as is the general expectation, that object shall be attained, then of course the mints of the countries of the Latin union will doubtless be again opened to silver; and then straightway our vast hoard of standard silver dollars, now approximating to $400,000,000, would disappear, because, at the ratio of 15½ to 1, there would be a profit of something like $12,000,000 in melting them down or in sending them to the European mints.

It behooves our statesmen to keep this contingency in view. Differing bi-metallic ratios of necessity antagonize each other. Hence the great importance of uniformity of legal ratio by all double-standard nations, if they desire to gain the full benefit of the bi metallic principle. Hence the wisdom of M. Cernuschi's proposition—the main and ultimate object of which is the attainment of a common legal ratio by the two leading double-standard nations of the world, France and the United States. For who doubts that if the money systems of even these two nations alone were organized on a common ratio, they could easily maintain such ratio permanently, thus effectually securing steadiness of standard alike for themselves and for all the rest of the world?

K.—The popular notion that the government of a country furnishes or "makes the money of the country," is altogether contrary to the true theory: private parties, as a rule, furnish the material or commodity which is to be used as money, and the government simply "gauges and certifies" it as conforming to the established national standard, on the same general principle that it adjusts gallon- and bushel-measures, yardsticks, scales, and the like, to the legal standard, and "seals" or "certifies" the same, in such a manner as to secure the people from being defrauded by false weights and measures.

The theory in both cases is practically the same: and if the processes differ, it is only that the same ultimate object may be more effectually reached in each case, to-wit, absolute reliability in the means or tools by which measurements of all kinds are made.

LOS ANGELES, Cal., January 20, 1891.

51ST CONGRESS, }
1st Session. }

SILVER COINAGE.

HEARINGS

BEFORE THE

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,

HOUSE OF REPRESENTATIVES.

1890.

COMMITTEE ON COINAGE, WEIGHTS AND MEASURES,
Monday, January 27, 1890.

The committee met pursuant to adjournment, Mr. Conger in the chair.

The CHAIRMAN. Gentlemen, we have decided to begin hearings this morning upon the general discussion of the silver question, believing that any discussion of any of the prominent measures before the committee must be a discussion of the whole matter, and invitations have been sent out to those who have introduced bills and those who are interested in the especial measures before this committee. This morning we have Senator Teller here, who is very much interested in the question, and he comes here, I believe, for the purpose of being heard.

Mr. TELLER. Just for a few moments.

The CHAIRMAN. Senator, we will hear you now, if you please. It is proper for me to say that this hearing is for a discussion of any feature of the silver question.

STATEMENT OF HON. H. M. TELLER.

Hon. H. M. TELLER, a Senator from the State of Colorado, then addressed the committee. He said:

Mr. Chairman and gentlemen of the committee, I would state to the committee that I was misinformed, and thought that the Windom bill was the particular feature under discussion, and I had some objections to that which I desired to present, but I have no objections to the shape in which the chairman puts it.

I want to say that while I represent a State largely interested in the production of silver I disclaim any especial interest in the silver question because of that production. We have in Colorado no particular complaint to make. While the silver interest would be more particularly affected, yet, on the whole, the State has been very prosperous in all its branches of industry, and we are not here clamoring for anything that will raise the price of our silver. My interest in this question has arisen a good deal from the fact that I represent a State producing silver. If I had not, my attention would not be directed especially to

the silver question; but as it is I have given a good deal of thought to it, not, perhaps, from as impartial a stand-point as I might if I had not been directly connected with the people interested in mining.

Personally, I have no interest in silver mining whatever, and never have had. I never made a dollar out of a silver mine. All the interest I have in mines is, on the contrary, in gold mines, and they have not been as lucrative and profitable as I think they ought; but I have no personal interest in silver. I regard the silver question as one of the most important that can come before Congress. I think it overshadows all other questions; I think it is as wide as the commerce of the world. It is not local, it is general. I think the general financial depression that pervades the whole world at this time is largely to be attributed to the treatment of silver since 1873; therefore I do not approach this subject with as much reluctance and as much hesitation as if it was simply a local question; and I think it is one that every Senator and Member and every public man should devote a good deal of time and attention to.

Mr. WALKER. You spoke of something about the general depression that pervades the whole world, and I did not catch the last part of it.

Mr. TELLER. I said the general depression in business, the low price that pervades all sections of the country, I attribute very largely to the lack of proper facilities for doing business. Of course I admit there are many financiers who believe otherwise, but I think a careful examination of the testimony taken before the Royal Commission of Great Britain, which I read line by line and word by word with a good deal of care when it was published and since, will sustain me in that position. I believe that was the opinion of the best minds that were brought before that commission, that the depression in business in Great Britain, which has been for some years, has been solely the result of their financial policy. I believe the present fall in prices in this country, which have been continuous, as we all know, since 1873, is to be largely attributed to our treatment of the silver question. The question is too big to go into a general discussion before this committee in the short time which is allowed.

Now I want to say a word or two about the Windom proposition. I want to say, so far as I am concerned, I regard it as a hostile instead of a friendly measure wholly. I understand it is advanced as a friendly measure; but it is not a friendly, it is a hostile measure. It did not emanate from men who have studied this question, but on the contrary it emanated from men who have given very little attention and thought to this subject. I want to say, as a general rule I have discovered by my inquiries that the moneyed men of the country—I mean now the bankers—have not studied the financial question. They know how to discount paper; they know how to make a profit in their banks, yet they know nothing of this question. I think that is the universal opinion with those who have come in contact with that class of people. But this measure I regard as a Wall street measure, and in part, undoubtedly, it emanated to relieve what even Wall street deems as a necessity for more money, but is really for the purpose of defeating the silver people and preventing what I think they have feared greatly, and that is the free coinage of silver.

In the first place it is objectionable because it is not based upon any possible sound financial idea. It ought to be the fundamental principle in dealing with this question that either silver is a money metal to be treated as a money metal, or as a bare commodity. If it is a commodity, this Government has no more right to legislate in the interest of the

silver miners or anybody else, to attempt to raise the price of silver any more than of copper, lead, or any base metal or any other commodity. The silver producing interest is an exceedingly small interest of this country after all. Although we produce $50,000,000 of silver, it is an exceedingly small interest as compared with the great interest of raising wheat, oats, hay, and all the products of the farm. This is a very small interest when compared with the manufacturing interest, and there can be no reason in the world why the Government should attempt to raise the price of silver unless it is upon the theory we are to put silver back to the original price and not for the benefit of the mining class, but for the purpose of restoring silver to its original position as a money metal, upon the theory that there is not gold enough in the world to do the business of the world and we must continue to use the silver. Any other idea is utterly illogical, and it can not be advocated from any stand-point. I would not support it upon that theory at all myself, because legislation should always proceed upon lines that are logical, so that you can apply the same principal to-morrow which you apply to-day; and if to-day you are legislating simply in the interests of the silver men, to-morrow the laboring-men may call upon you to legislate simply in their interest, the pig-iron men may call upon you to legislate in their interests the next day; and you may be called upon to legislate in the interest of the corn raisers in the same manner.

Mr. Chairman and gentlemen of the committee, this bill provides that the silver is to come into the Mint simply as into a warehouse, and that certificates shall be issued as if they were warehouse receipts. It is not money, although it may pay Government dues, as provided in this bill, but so may a receipt for corn in a warehouse in Chicago be paid to a party who chooses to take it. It does not make it money because it discharges a debt. True, there is another provision which I understand was an afterthought and came in after the first suggestion Mr. Windom gave to the public, that the party might have silver dollars for the Treasury notes. That clause is somewhat of an improvement upon it, because we may increase the circulation, which I think is desirable; but I think that is a roundabout way of getting at it. First you must take the silver to the Treasurer or the assistant treasurer and get Treasury notes. You take back that Treasury note and get a certificate for it, and then you can get bullion. I object to it principally because of that provision, except as to what I shall state hereafter. If there was nothing in the bill objectionable except that I could not support it. I am bound to say, so far as I am concerned, if I have occasion to be called to pass upon this question, my local interests will not swerve me in doing what I think ought to be done. I have not any doubt but what the provisions in this bill would raise the price of silver. I have no doubt about that; and if that was the only purpose of legislation, the bill would not be so objectionable as it is; but I think we should address ourselves to the great question whether silver is to be used as money hereafter, and if it is not to be used as money, then we want to drop the whole question and treat it as everything else—let the price be governed by the laws of trade.

Another special objection I have to the Windom bill or scheme is, it places the power in the hands of the Secretary of the Treasury; and I for one will never consent to give one individual control of the circulating medium in this country; for that is what it amounts to. It is true it says the Secretary may, whenever he is satisfied there is a combination, temporarily suspend if the price has been unduly advanced, etc., but that is *absolutely* discretionary with him and under his control, and

he is not responsible to anybody except to the President as a member of the Cabinet, but to nobody else. He can say to-day: "I am satisfied silver is going up too fast. I am satisfied that silver is not at its normal price; that it is at a fictitious, accidental price, and therefore I suspend." The moment he suspends down goes silver. Then silver becomes a mere commodity, to be treated and sold just as Wall street men have been trying for several years to get a condition of things so that they can buy and sell it in that way. You recollect the combination that was made soon after Mr. Jordan went to New York to deal in silver. It was simply for the purpose of having one more thing in Wall street that they could gamble on; which they could put up and put down, and by which a profit could be made. If this is done it would open the door to the greatest scandals that ever occurred.

Now it is possible there always may be an honest Secretary of the Treasury; but there will not always be a wise Secretary of the Treasury; because my observation has been that there have not been a great many wise ones, not at least on financial matters. However honest he may be, he may be unwise enough when silver goes up rapidly to think here is a combination and he may stop it. The moment he stops it, every man interested in the rise of the commodity will not attribute it to his honest judgment; and that is how a scandal arises. I regard it just as essential that the Secretary of the Treasury shall be believed to be honest as to be honest. The amount of money he may steal out of the Government by some such operation is not of so much consequence as that the people should have confidence in his integrity.

So for these two reasons, without detaining the committee, I can not myself support this Windom plan, and I will say so far as I have consulted—and I have with every silver man in the Senate—I think there is not one who has studied the question that intends to support the Windom scheme.

Now, Mr. Chairman, I shall want to say a few words on the silver question, and I say I feel a little embarrassment in approaching a question which it is your duty to study, and which I have no doubt you have studied as thoroughly as I have if you have been as long engaged in the study; but the question is so big and so important, not only to us, but to all the world, and our action is so potential, potential to all other countries, that we ought to legislate with a great deal of care. I am myself a firm believer that the United States could handle this question absolutely alone. I have no doubt about it. I believe that if we had promptly remonetized silver in 1878 when we passed the Bland bill (for which I voted, because it seemed to be the only thing we could get), if we had taken the only logical step which we should have taken, that is free coinage, then there would have been no trouble whatever; now the Latin Union mints would all have been opened for silver and the demand for silver would have continued; and the silver that we demonetized—every American silver dollar in circulation—was worth $1,0342, or more than the gold dollar. We would not have kept any of them in the country, because there was too much bullion in the dollar, and it would have gone abroad; but we did not do it, and I doubt whether we can do that now.

I doubt whether we could pass a bill and escape a veto, or perhaps that could be passed over the President's veto, for free coinage; yet that is the logical outcome of it, and the only way is free coinage. I repeat again, if silver is money it ought to be treated as money, and when treated as money and given recognition there should be no attempt to deny its money function. Up to the years 1871 and 1873, when

it was demonetized by Germany and the United States and subsequently practically demonetized by the closing of the Latin Union mints, it was practically worth then just what it was years before. Of course it had been 60 pence and gone to 62 when in great demand. But there had been no great demand for silver for India, which had been the great sink for silver for a hundred years, yet silver maintained its relation with gold with great stability until we denied to silver its money function and closed our mints to it. Now, it is true we had not been coining it, but we had then said to all the world we did not propose to use any more silver. We were a great silver-producing nation; no other nation produced so much. When we said that when Germany put her three hundred millions of silver into the market and said she did not propose to use it any more (she had been a silver country up to that time), when the Latin Union closed their mints to it, the demand for silver practically ceased. What is the demand for silver? It can be used to make teapots and trays and ornaments or for money. There are a thousand dollars in use throughout the world as money for every one that is used in the teapots or trays. It has been of course used in the arts more or less; but its money function is its chief function and chief value, and when you deny it access to the mints you cast down the price of silver as compared with other money metals, just as much as if you denied to wheat its food function you give to some other cereal increased value which takes the place of it. We simply advance the the price of gold.

Silver has not depreciated, Mr. Chairman. An ounce of silver will buy in Iowa 4 per cent. more of corn than it would buy in 1873 when silver was worth $1.0342. I do not make that assertion, Mr. Chairman, without having proof here. I have the statistics from the Treasury Department; I have a certificate from the Treasury Department sent to me saying that while silver has fallen since 1873 as compared with the then price of gold 25.6, many of the farming products have fallen 36 per cent. Wheat and corn have fallen 29 and 35 per cent. For fear I do not get them exactly right I will just call the attention of the committee to it for a moment. It is not fair to compare one year with another with farm products, because this year we may have a large farm crop and the next year will not be a good one, and therefore I asked the Treasury Department to make a statement showing the average price for five years ending June 30, 1873, and then for five years ending June 30, 1889. An average of these prices will avoid the question of accidents, of storms, etc., that may affect the crops. Now I find that bacon and hams have fallen 29.4 in the last period against the former period of five years. I find butter fell 35.1; I find that cheese fell 34.3; I find that corn fell 35.9; I find that lard fell 43.3; rice fell only 15.7. That is the only thing that has not fallen so much, and that fall of 15 per cent. has been within the last six or seven years. I find brown sugar has fallen 45.6 per cent. Wheat has fallen 35.7 per cent.; wool has fallen 27.8 per cent., while silver has fallen 25.6 per cent. Therefore it is apparent silver will buy more wheat, will buy more wool, and more of all the things I have mentioned than it would in 1873.

The CHAIRMAN. What are the periods which you compare there?

Mr. TELLER. The periods I compare are the periods of five years preceding the 30th of June, 1873, at which time the silver dollar was worth more than its face value in this country, and the last period is for five years preceding June 30, 1889. Now, Mr. Chairman, if any

gentleman desires to ask any questions about that I have not the slightest objection.

Mr. WICKHAM. These are on the gold basis?

Mr. TELLER. Yes, sir.

Mr. WALKER. What do you regard as final exchanges?

Mr. TELLER. I do not understand.

Mr. WALKER. You spoke of gold not being money enough to do the business of the world. Is not the exchange of money for products of any kind more apparent than real? Is not it a fact that in the exchanges for products it is therefore immaterial what is the standard of value so that it is uniform and continues so? That is to say, if a product is exchanged for a product, and not money for product, is not the use of coin more apparent than real?

Mr. TELLER. Undoubtedly. The great business of the country is not done by payment of money from hand to hand.

Mr. WALKER. It is product for product?

Mr. TELLER. It is virtually product for product, but it is done by the exchange of the monetary system.

Mr. WALKER. Exchange displaces the products. It is displaced by what we call paper money?

Mr. TELLER. Yes, sir.

Mr. WALKER. Then whatever the metal may be, if that is the fact, it must be exchanged for its intrinsic value when the double balance is settled, whether it is silver or gold? Now, another question. Taking a period of forty years in the last two or three hundred years, is not it reasonable to say that the price of whatever metal is used—whether it is gold or silver—leaving out the question of silver coinage just now—is fixed by the price of corn—not maize, but corn?

Mr. TELLER. You mean cereals we eat.

Mr. WALKER. I mean the cereals we use for food. In other words, are not most of the exchanges measured by their cost of producing and——

Mr. TELLER. And conditions. In my judgment——

Mr. WALKER. That is a fundamental question.

Mr. TELLER. That is a fundamental question which I think has been proven to be one of the most fallacious theories of the political economist, for which there is no time now to discuss. There is not time, of course, to go over that question, as it is largely theoretical, and lies largely at the base of the old-fashioned political economy which has been proven to absolutely theory and absolutely displaced.

Mr. WALKER. I can shake hands with the Senator on that. I think political economy as taught in the colleges is a disgrace to the nineteenth century.

Mr. TELLER. So do I. I am free to say I have abandoned college ideas on this subject absolutely. When I left college I had all the old-fashioned opinions of political economy, and I wonder now, even as young as I was then, that I was so stupid as to believe in them.

Mr. WALKER. I can shake hands with you on that. I have not only abandoned them, but I think they are a disgrace to the nineteenth century.

Mr. TELLER. I want to say that if the committee would indulge me and I had the time, which other engagements would hardly allow, I would like to go over this question; but I do not propose to allow that theoretical question to displace this practical question.

I say that silver has not depreciated, because I say that compared *with commodities* it will buy more commodities to-day than it would *fifteen years ago*, when it stood at $15\frac{1}{2}$.

Mr. BARTINE. Does it, in your judgment, make any difference what the cause is so long as the fact remains the same?

Mr. TELLER. That is what I say.

Mr. BARTINE. Whether caused by the increased production or what it may be?.

Mr. TELLER. I am free to say it is not caused by increased production.

Mr. BARTINE. You believe and say it does not?

Mr. TELLER. I know it. But what I want to say and direct the attention of the committee to now is, that the purchasing power of gold has increased, as has also the purchasing power of silver; that instead of silver having depreciated its purchasing power is greater than when it stood in relation in other countries than the United States at 15½; we did not use silver; we sent ours over to Europe and sold it. Instead of there being a depreciation in silver and silver, therefore, being an unstable money metal, the history of silver shows that for a hundred years it has been practically stable, and whether it is stable or not depends entirely upon the consent of the users. Originally the relation of silver was fixed by the consent of the merchants who used it—that is its relationship to gold—without legislation. I think there never was any legislation on the subject of fixing the relation towards gold until the French fixed it in 1885. If there was I never found it, and I have given it a good deal of attention. Previous to that time its relation was fixed by the consent of the merchants in exchange. It changed, of course, as gold became more plentiful and silver became more plentiful. Its relations have not always been stable, but it has been practically stable for a great number of years.

Mr. WALKER. How much silver does it take to be equivalent to a gold dollar in the market to-day?

Mr. TELLER. I do not think I can state it exactly.

Mr. WALKER. Then approximately, as this is immaterial.

Mr. TELLER. Let me see. An ounce of silver during this last year——

Mr. WALKER. It is 72 cents, I think.

Mr. TELLER. An ounce of silver during this last year was worth 98.2. We would have to put in a little more than an ounce in order to get the bullion value equal to the face value.

Mr. WALKER. Does it make any difference, so far as silver being money, whether it is counted in the ratio of an ounce of silver to the weight of a gold dollar or more or less?

Mr. TELLER. Not a particle; and it does not make any difference how much we put in a dollar as to the principle. Had we, in 1878, put two ounces in a dollar it would have been better for us, because we would have made a market for our silver.

Mr. WALKER. It does not make any difference how much you put in?

Mr. TELLER. Not at all. Not in the principle.

Mr. WALKER. Then I can not understand you when you say the Secretary of the Treasury's scheme does not make any more money, because the deposit of silver to-day in the Treasury in unlimited quantities and issue of certificates payable in gold or the quantity of silver, because it can be called for at any moment. Then again, its value has been for ages and always will be fixed by the merchants or dealers or traders and by the consensus of public opinion. That has been the fact for a century, that either gold was at a premium or silver was at a premium—one or the other when they were of double value.

Mr. TELLER. In the first place, in answering the first part of the proposition, I do not regard this issue of notes as money in the proper sense. They will circulate to a limited extent and do some money duty. If this is a scheme for the purpose of either advancing the interests of silver or for the purpose of furnishing money to the people—and the Government is bound to furnish money—then why put it in the shape of a Treasury note? Why not give the silver certificate in the beginning, which does duty for money as well as the greenback?

Mr. WALKER. Is not that a mere matter of a name?

Mr. TELLER. I think it nearer a warehouse receipt than anything else. Warehouse receipts in Chicago play an important part at times in their transfer from one person to another. When you pay a debt in Chicago with a warehouse receipt I do not call that money; I do not subscribe to that theory myself. I think an article to be money must have a fixed value. It must remain practically the same thing. I do not mean it must have an intrinsic value; I do not mean a silver dollar must have the bullion in it any more than a paper greenback must have something in it which is of the value of a dollar. You can make a dollar and make it a legal tender, but you do not make this a legal tender; it does not pay debts, except Government debts; it does not pass as current money to merchants.

Mr. WALKER. If this should be made a legal tender——

Mr. TELLER. It would help very materially.

Mr. WALKER. One more word. Is it not a fact that the possibility of the slightest increase to any check or any bank bill or anything else takes it out of the realm of money or anything that can be realized on; when there is no chance of an increase or decrease, what the consensus of the commercial world decides is money, and it passes readily? That makes money of it?

Mr. TELLER. Yes, practically.

Mr. WALKER. The same as a greenback?

Mr. TELLER. Yes, sir.

Mr. WALKER. Then I can not see on what you rest your opinion in the matter of these certificates when you say it does not add to the money of the country.

Mr. TELLER. It does to a limited extent. Not being readily exchanged for the legal tender it will not do money duty current among people. That is my judgment. My principal objection to the Windom scheme is that it is absolutely illogical; it is not founded upon any commercial idea whatever which you can carry into practice and execution. That is to say, if we go and buy silver simply to raise its price, then, Mr. Chairman the people of Iowa who are selling corn for 15 cents a bushel will demand that we shall buy their corn, and they raise a great deal more corn in Iowa than we produce silver in Colorado. I find in the sixth section——

Mr. WALKER. Is not it a commodity to-day?

Mr. TELLER. No, sir; it is not. In some sections there has been a great effort to make it a commodity, I admit.

Mr. WALKER. How can this make it more of a commodity than it is now?

Mr. TELLER. Because you absolutely close the mints to it. There is not a dollar to be coined. You have got now a partial recognition of silver as a money metal in this country, the testimony of the English commission that that was what saved silver from absolutely going out of use in the world.

Mr [illegible]y. Does the bill provide that they shall coin whenever there [illegible]r silver dollars?

Mr. TELLER. Enough to make up for those paid out.

Mr. BARTINE. Suppose it be a fact that silver is nothing but a commodity now; would that meet that objection?

Mr. TELLER. No, sir; if it is a commodity now it is our duty to make it a money metal, in my judgment.

Mr. BARTINE. That is the principal objection of the silver men, that it is nothing but a commodity.

Mr. WALKER. Supposing we had free coinage to-day; suppose we pass a bill in Congress giving us free coinage to day; have you any doubt but that the gold would be taken out of circulation and be counted as much above silver as silver is counted below?

Mr. TELLER. Let me ask you a question—as a New England man I am half a Yankee. Will you tell me why you ask me if I do not think gold would go to a premium; will you tell me why?

Mr. WALKER. This is rather reversing the thing.

Mr. TELLER. I know it is, but I want you to do that, because I freely say to you I do not think so.

Mr. WALKER. I have no doubt about it, because the measure of value is beyond the power of any government to fix or all governments to fix. You have asked the question and you must let me answer it. That has been the history of the world. Whatever the commerce and the nations decide upon is the measure of value. I have no doubt but free coinage of silver would make silver the standard of mercantile exchange; but gold would be just as sure to be quoted as much above the price of silver and easy to speculate upon as silver is to-day. That is the history of all countries, and as you yourself have said, before silver was demonetized silver was worth 3.3 more than gold.

Mr. TELLER. Why?

Mr. WALKER. We have left the "why" and leave the "why" out. It was then opened to coinage, but it was not coined because it was worth more in the market than to be coined. Gold would not be coin except for convenience. It was so in the war and so everywhere that either one or the other metal was used, and the creditor always chooses to settle with the cheaper metal. That is my answer. It has always been so, and that is why I think it always will be so.

Mr. TELLER. Mr. Chairman, I have heard the gentleman's opinion on this subject, and I will give you mine. I have not the slightest doubt but what the free coinage of silver would settle the question all over the world, and I will tell you why. There is not to-day any surplus of silver. I have heard it repeated in the Senate over and over again that there was an overproduction of silver. Mr. Atkinson, of Boston, was before the committee in 1876, and he said there was an overproduction, and went on to state how the silver was produced cheaply and the result. All Europe believed we were going to produce more silver than we did produce; that we had a great hoard of silver lying back. When the English commission met they took testimony of the best minds in the world on this subject; they took not only Englishmen, but men from all the great financial centers of the world. The consensus of opinion there is absolutely unanimous that there is no overproduction of silver. The British commission divided the question of bimetallism into two parts, and when they got through they both united in the report that there was no overproduction of silver anywhere, and they clinched it by saying the depreciation of gold and silver was due to hostile legislation, and due to nothing else. And this has been contended in the Senate and House for years by people who advocate our side of this question. Suppose we open our mints. I remember what

was said when we proposed to mint two millions a month. Why, it was said by the chairman of the Committee on Finance, the Secretary of the Treasury sent down a report, the President signed a veto, in which every one declared that two millions a month would drive all the gold out of the country. We did not have two hundred millions of gold in this country when we passed the Bland bill, and we have seven hundred millions to-day. We have got more gold in the country than was ever accumulated in the history of the world in the same number of years by any other country. We have done that in spite of the prophecies of the Finance Committee, the Secretary of the Treasury, etc.

Mr. WALKER. I agree with you in regard to the overproduction of silver; but that does not change the status of the question.

Mr. TELLER. If we open the doors of our mints we will coin every dollar in this country, because silver to-day in Europe is only worth 98 cents. It will be worth $1.30 when it is put in the silver dollar, practically, even though they should charge a cent for coining. Nobody is going to sell any silver. They are going to coin it.

Mr. WALKER. When gold was cheaper than silver, that is to say, when the quantity of silver was 3.3 per cent. in the arts, the bullion was used just the same as now.

Mr. TELLER. How do you mean?

Mr. WALKER. I mean men bought dollars and melted them down.

Mr. TELLER. Yes, sir; I suppose that was done to some extent; but I can not stop at this. There is no silver in the world to come to this country. The repeated declaration made by people in the various sections of the country that there is a flood of silver to come here is absolutely without the slightest foundation in the world. After careful inquiry into this subject I find that we could not get five millions of silver to-day. You can not buy a million pounds sterling in London without putting up the price 3 to 5 per cent. And that has been the case for several years. There is not any silver in the world to be flooded into this country. France, of course, has an immense amount of silver which is coined at 15½. She could not send it here with losing 3.42. She could not send it without loss of interest exchange and all that. She will not send it here because every Frenchman who holds a silver dollar can exchange it for a gold dollar.

Mr. BARTINE. Is it not a fact that France has notes in circulation covering about the whole amount of silver?

Mr. TELLER. Yes, sir.

Mr. MUTCHLER. Do I understand you to say that by free coinage we would coin all our production?

Mr. TELLER. We would coin up to the time silver in Europe raised in price where it was before the demonetization of silver, and then we would coin no more.

Mr. MUTCHLER. Our production is about $50,000,000 a year.

Mr. TELLER. It is probably some less.

Mr. MUTCHLER. Suppose we coined fifty millions a year?

Mr. TELLER. We do not coin that, because we use ten or twelve millions in the arts.

Mr. MUTCHLER. You do not say all?

Mr. TELLER. No; we will not coin all.

Mr. BARTINE. All that is possible to mint.

Mr. TELLER. Of course people will sell and buy silver to use for articles of ornament, etc. But I mean that none of this will go abroad. We have sent now for the last three years about an average of eighteen millions a year abroad. It is possible we would not use as much in the

arts—likely not. Now, there is no silver to come here from anywhere. India has probably something over a thousand millions of silver. Nobody knows how much. The Treasury reports state that she has a thousand millions; but it is more than that. That is counted at 1 to 15—it is not at 1 to 15½, but at 1 to 15. They must lose 7 cents if they bring it over here to mint; but there is no danger from there. The silver in England is coined at a little more than 1 to 14, and she will not send it over here, for the loss would be still greater.

Mr. WALKER. Is it not a fact that our silver here to-day is treated like our paper except this, it has in it a value of 72 cents? In other words, if the value of the certificate was the same value practically as gold it would be a gold dollar.

Mr. TELLER. It certainly is just as good ——

Mr. WALKER. The paper certificate, then, would be just as good as gold?

Mr. TELLER. Certainly.

Mr. WALKER. Now, you take our American dollar and the Mexican dollar, as I had reason to know, you only get 73 cents in changing their silver for ours, and theirs has 3 per cent. more silver than ours. That is simply because it is a token dollar, the same as a piece of paper is a token dollar.

Mr. TELLER. It is not a token dollar any more than gold; it does money duty just the same as gold.

Mr. BARTINE. Let me ask, does not that very suggestion of Mr. Walker's meet the argument which he made a little while ago that the Government can not fix the value of a metal?

Mr. WALKER. It can fix the value so as to make it pass as a legal tender.

Mr. TELLER. That is all we want.

Mr. WALKER. You can make it pass as a legal tender, yet the measurement of value would be for gold, just as it was during the war.

Mr. TELLER. Everything was in gold, because the silver was too valuable. If we had been coining silver at 15½—and that is where we will eventually come to when we do coin it—silver never would have gone to other countries. France never will abandon her nine or ten thousand millions of silver and lose 9 or 10 cents on it and receive it at our ratio.

Mr. WALKER. And I fail to see the ground upon which the assertion is made that gold and silver would circulate equally providing we had free coinage at the present rates of weight between the two metals.

Mr. TELLER. Why does it circulate now?

Mr. WALKER. Simply by compulsion of the law.

Mr. TELLER. It would be by compulsion of the law then because it would be legal tender?

Mr. WALKER. It would send gold to a premium.

Mr. TELLER. I say it would not in my judgment. It will not send gold up unless all the gold leaves this country or is likely to leave it. Whenever the Bank of England wants to accumulate gold it raises the rate of interest. It raised that the other day.

Mr. WALKER. The balances between the countries are settled in bonds, you know, as much as metal.

MR. TELLER. In my judgment the moment you cease to send any silver to Europe that moment you raise the price of silver. The price of silver in Europe is largely dependent upon us, and we ourselves are responsible for it. Mr. Walker, consul-general at Paris, reported to the Treasury Department just before his death—which report I suppose you have read, and if not I would suggest that the committee

ought to read it—and stated the trouble we would have in making an international arrangement with European powers would be that they believed we would produce more silver than wé admitted, and we were anxious to make that arrangement for the purpose of getting rid of a lot of surplus silver in this country. I stated to the Senate, and I repeat now, that they were justified in that belief, because the Treasury Department year after year practically made that declaration, that there was a surplus of silver.

Mr. BARTINE. Have you any doubt from your observation and from what you have read that it was the unfriendly action of Germany and the States of the Latin Union in closing their mints in 1873 that caused the shrinkage in the value of silver?

Mr. TELLER. I have no doubt; and I repeated that on the floor of the Senate over and over again, and this English commission said that that was so.

Mr. BARTINE. One question on that point. If the unfriendly action of a Government can cause the shrinkage in value of silver why would not the friendly action of a Government cause the appreciation?

Mr. TELLER. There is no doubt it would.

Mr. WALKER. Of all Governments?

Mr. TELLER. Not all Governments. If this Government would prevent any silver going to Europe—I was about to add that we can not do business in Europe without silver. Three fifths of the human race to-day are using silver in preference to gold. I have heard the idea expressed by the chairman of the Finance Committee of the Senate that the use of gold would bring about a higher civilization. There is nothing in that. There are more people to-day handling silver in this country, ten to one, than gold.

The CHAIRMAN. Before going from that point I want to ask whether the passage of the Bland bill was friendly or unfriendly legislation towards silver?

Mr. TELLER. It was friendly, illogical, defective legislation in the interest of silver.

The CHAIRMAN. Did it cause an appreciation or depreciation?

Mr. TELLER. It has depreciated, because we did not do enough. In the British commission when a man was asked, "Do you think silver will go lower?" he said, "It will depend upon what the United States do." They said if the United States repealed the Bland bill it would go lower. Why? Because silver is like anything else. If there is a demand for it it will increase the price, and it will be higher. The same thing is true of gold. If you shut the mints on gold, gold would depreciate in the same way.

The CHAIRMAN. That is upon the fundamental idea that the two metals can have a fixed ratio by adopting bimetalism?

Mr. TELLER. The two can be, because they have been.

The CHAIRMAN. Did not France——

Mr. TELLER. They are to-day linked to a certain extent; you can not do business without them.

The CHAIRMAN. Did not France maintain that ratio?

Mr. TELLER. Certainly, when gold rose from a few millions up to two hundred millions they maintained the stability and union of the two metals, because of the ratio being fixed by law, and if it had not been, gold would have gone, I do not know where, in comparison with silver. That can be done again, and France does it to-day. Our minister, Mr. McLean, reported that France had nine hundred and *eighty millions* of silver. She has not to exceed seven hundred and

fifty millions of gold, and yet every dollar of that is interchangeable, dollar for dollar, for gold.

Mr. WALKER. Let me ask you one other question. I should think that we would have everything we have to export, gold, silver, and everything else—

Mr. TELLER. But do we want to export it?

Mr. WALKER. So far as not wanting to export, we want to export and we do not want to export. I should answer neither yes nor no to this question. Your point is, that silver would be higher because it is used by the Government?

Mr. TELLER. No, sir.

Mr. WALKER. For coinage?

Mr. TELLER. By our people. The Government has nothing to do with making silver money. The Government is bound to open the mint and give us a chance to take the bullion to make money of it. The Government is bound to see that is composed of gold and silver of a sufficient fineness to be a legal tender, and that is all the Government has to do.

Mr. WALKER. I agree with you perfectly on that point. I want to ask you this question now. If I understand the matter, your position is that this demand for silver will bring it up to its original price; that is to say, it will circulate even with gold; it enters into consumption and the Government consumes it in coining.

Mr. TELLER. Yes, sir.

Mr. WALKER. Now, is it not a fact that speculation in anything never raises the price except temporarily? If you get a corner in a thing, you can force the price, but when the corner breaks it goes down to the former price and generally lower, and anything that enters into consumption that lessens what remains sends up the price; because, while the demand remains the same the supply is lessened, and therefore the price goes up. Now my point is this, that the Government coining silver does not consume it in any sense whatever. It still remains to enter into the arts, to be shipped, or anything else to be done with it. As you state, the stamp of the Government does not affect it one way or the other. It is only a certificate of weight and fineness. It is still a commodity. Gold was a commodity all through the war, and silver would be a commodity. It would not enter into consumption as wheat bought and ground enters into consumption, or any other thing. Therefore you have the same quantity of metal, and they are not affected a particle.

Mr. TELLER. The moment it is put into a silver dollar, which you say was worth 72 cents——

Mr. WALKER. No, I did not say.

Mr. TELLER. That is to say bullion is worth 72 cents and the purchasing power is 100 cents. That will not go abroad until the European people are willing to pay a dollar or a little more than a dollar.

Mr. WALKER. In gold.

Mr. TELLER. I am talking about silver.

Mr. WALKER. The merchants pay a dollar in gold.

Mr. TELLER. It makes no difference what they are willing to pay it in. Nobody is going to part with a dollar that will pay his debts, that is a legal tender, until the European gives him something of more value for paying his debts here for it. So silver would remain in this country; would remain until silver gets back to at least 60 pence. Then when it goes to that the relation will be practically as it existed before. Then

silver, being undervalued in this country, will go abroad, and it will not do any harm if it goes abroad then.

Mr. WALKER. Is it not a fact that the price of everything in all countries without artificial barriers, that is to say, whether the tariff makes it higher, makes this adjustment—is it not a fact that everything in all countries except perishable things that can not enter into consumption to any great extent is very nearly the same, except the cost of transportation from one country to another?

Mr. TELLER. That is probably true among civilized people.

Mr. WALKER. Then if it is kept here, it is because it is a token dollar.

Mr. TELLER. It is kept here now because the bullion has no inducement to be sent abroad.

Mr. WALKER. When you bought a barrel of wheat at any time, when not upon a gold basis, you paid the laborer's price (a yard of cloth, it makes no difference what) and then paid a premium on gold.

Mr. TELLER. That is not true, because——

Mr. WALKER. I have very interesting statistics on that point figured out.

Mr. TELLER. I can assure you wheat sold in Chicago at 65 cents, and the labor price was more than that.

Mr. WALKER. When gold was 125?

Mr. TELLER. Do you mean that they are absolutely the same, or relatively so?

Mr. WALKER. I stated they were very nearly the same.

Mr. TELLER. I want to touch upon one other thing for a moment.

The CHAIRMAN. You may proceed and the gentlemen will cease their questions for a time.

Mr. TELLER. I say I regard this question as particularly extending to the great mass of American producers. We had a debate in the Senate the other day in which several Senators spoke of complaints made by agriculturists, which everybody knows is the great producing class. After all, they outnumber all other people in the United States. They are the people from whom we are to draw our great supply of men. Everybody understands that. The cities are desirable in some respects and they are undesirable in others. The better element must come from the farming class everywhere. The men who will maintain the highest standard of civilization anywhere will be from the farmers of this country. I am not a farmer myself, but it is the class from which I sprung and a class with whom my sympathies run, and a class with whom every man's sympathies ought to run, because to-day, in every department of life, the management of every department, finance, politics, religion, is given to the sons of the laboring farmers of this country, and they are the people who are now especially complaining; and why? They say there has been a continual, steady falling off in price of everything they produce. Nobody denies it, and, as was said a moment ago, it is immaterial what causes it, except that by learning the causes it may give us an opportunity of remedying the evil. We admit it is true, and something ought to be done. Now, the doctrinaire will say, if wheat is worth now 30 cents and corn is worth 15 cents, and originally wheat was a dollar and corn was 50 cents, that the ratio between the two is the same as corn will still bring half the price of wheat no harm is done by the fall in price. That is the doctrinaire's view of it. I expect my friend from Massachussetts would have——

Mr. WALKER. Don't speak for me for anything of that kind of talk. Count me off.

Mr. T[illegible] That is the talk of the doctrinaire. I want to show you

how bad that is. Now, in 1873, when a man in Iowa bought a farm and agreed to pay a thousand dollars, and pay his interest on it, he had a right to expect a fair continuation of prices. I will take a later period, say 1880, as it is not fair to go back when specie was at a premium. Suppose he bought a farm for $10,000 on time with interest. Whenever he sold 1,000 bushels of wheat he got $1,245 for it. What does he get to-day? He will sell 1,440 bushels to get the same amount. The man who raises cotton at the South will sell a bale and a half more than in 1880 to get the same returns that he did in 1873 to pay the same debt. That is what makes the trouble in this country. Now, I know there has been a great stress made about farm mortgages, and scandalous misstatements about farm mortgages, yet everybody admits they are numerous. The chairman knows they are in his State. There are large mortgages all over the country, and that not only affects the farmer but it affects every man who has a debt hanging over him, for if he produces anything he has got to increase his production.

Now, gentlemen, I do not wonder at these complaints. When a man looks back five years and then looks forward five years he knows he has got to raise more hogs, more wheat, and more oats this year than the year before to pay the same debt. We have got this year the greatest crop we ever had, with the exception of wheat. We have the biggest crop of corn and all other agricultural products we have ever had. The New York Tribune stated it the other day. I have not verified that. The entire crop, immense as it is, would not bring as much within $8,000,000 as the crop of last year. When we had 1,675,000,000 bushels of corn in this country it sold for more money than the corn crop of this year will sell for, and the crop of this year is 2,112,000,000 bushels. Corn is worth to-day in New York City 37 cents; it was worth 66 cents in 1882. The decrease of price to the farmer has been going right along steadily. Of course I may be mistaken about it, but I believe it is largely owing to the fact that there is not sufficient money in this country to do the business of the country. I know people will say money is cheaper than it ever has been. It is always cheaper when money is scarce.

Mr. WALKER. I think you are mistaken.

Mr. TELLER. When money is scarce you can borrow money on call at any time. You can go to New York and borrow it on call when it is tight. Why? Because the person who has money holds it and he does not propose to buy a plant to manufacture or engage in business. Why should he? It is no sign that you have plenty of money because the interest on it is small. Not a bit of it. When business is quite brisk then there is a demand for money and thousands of men holding out their hands saying, "We want money." When business is bad nobody wants money. Why? Because there is nothing for them to buy but securities and that is a trifle.

Mr. BARTINE. Your idea is that a scarcity of money has always indicated a depressed state of business, and that depreciates the rate of interest.

Mr. TELLER. Always.

Mr. WALKER. Do you believe there is a time when the country has grown more rapidly in wealth than in the last five years?

Mr. TELLER. I do not know about that. For five years we have been very prosperous, I admit.

Mr. WALKER. And that during that time the most important advances have been made.

Mr. TELLER. It is true we have had prosperity. I do not deny it.

We have great natural advantages which we have taken advantage of. We have had discoveries in manufactures; we have had a great many advantages and we have had more production and all that; yet, if you take the farm crop now, the men who have raised it have not made any money. They have increased their production, but their receipts decrease.

Mr. WALKER. Would it not have the same effect you are seeking, that is, the depreciation of the gold dollar, by putting less gold in a dollar? That would raise the prices; that is, nominally.

Mr. TELLER. Certainly; I have not any doubt about that. If you put more money in circulation it would raise prices properly.

The CHAIRMAN. Excuse me, Senator, but it is now 12 o'clock, and we have not permission to sit during the session of the House.

Mr. TELLER. I did not intend to keep the committee so long. I wish to say that I have approached this subject in a very desultory and indirect way that is not very satisfactory; but I thought perhaps it would be quite as well not to attempt to make a fixed or set speech.

The CHAIRMAN. We are greatly obliged to you, Senator, and I know the whole committee is.

Thereupon the committee adjourned.

By direction of the committee, the following correspondence is made part of the report of Senator Teller's argument:

UNITED STATES SENATE,
Washington, D. C., February 18, 1890.

DEAR SIR: I received some time since a letter from you criticising my statement before the House Committee on Coinage, Weights, and Measures that the receipts to be issued for silver bullion under the Windom bill were mere warehouse receipts.

I have mislaid your letter and can only reply to it in a general way, not remembering its exact language.

I admit that according to the exact and technical definition of the term "warehouse receipts" the silver receipts would not be such, but they would be nearer that than anything else; and it is not unfair to say that in substance the receipt proposed would be a warehouse receipt, for it may be discharged by the return to the depositor of the exact amount of bullion deposited for the receipt.

It is true it is stipulated in express terms that the Government may decline to deliver silver on demand and pay the depositor or holder of the receipt in gold coin the damages he may suffer by such refusal; that is, the value of the silver deposited. If a private depository which has issued a warehouse receipt refuses to deliver the article called for, he may avoid a suit by tendering the full value of the article, even though he may not have so stipulated. At least, that is the rule as to all deposits except a few having peculiar value not readily measured in money, like heir-looms or title papers.

Yours very truly,

H. M. TELLER.

Hon. JOSEPH H. WALKER,
House of Representatives.

HOUSE OF REPRESENTATIVES,
Washington, D. C., February 19, 1890.

DEAR SIR: Please accept my thanks for your letter of the 18th inst. I note what you say about warehouse certificates. Please define for me the difference between a warehouse certificate as known to the trade and the gold certificate that is issued from the Treasury. If I mistake not, a gold certificate is identical with what is known as a warehouse certificate. Am I not correct in this opinion?

Very truly yours,

J. H. WALKER.

Hon. H. M. TELLER,
United States Senate, Washington.

UNITED STATES SENATE,
Washington, D. C., March 5, 1890.

DEAR SIR: In reply to your inquiry as to my ideas as to the difference between a warehouse receipt as known to trade and a gold certificate from the Treasury, I ... If the gold certificate issue under the provisions of section 254 of the Re-

vised Statutes for a certain number of ounces of gold bullion, I see no difference whatever. If, however, the certificate is issued, as I understand is the practice, not for the delivery of a certain number of ounces of gold bullion, but payable in dollars, it can hardly be said that there is no difference between such certificates and a warehouse receipt as known to the trade. But, as I said of Mr. Windom's proposed Treasury receipts, it is not unfair to speak of this as a warehouse receipt, although technically it is not such.

Yours very truly,

H. M. TELLER.

Hon. J. H. WALKER,
House of Representatives.

THURSDAY, *January* 30, 1890.

The committe met pursuant to adjournment, Mr. Conger in the chair.

The CHAIRMAN. Gentlemen, the meeting was called this morning for the purpose of permitting the committee from the St. Louis convention to appear before us, and General Warner is here. We will hear you, General Warner, or any representative you have decided upon to be heard.

Mr. FRANK PIXLEY, of California. The executive committee, a majority of which are present to-day, have agreed by common consent to allow the president, who was the president of our convention at St. Louis, to represent us in any discussion that may arise here, and any investigation you may choose to submit to him he will express for us, and all of us, our opinion.

The CHAIRMAN. That is, General Warner.

Mr. PIXLEY. Yes, sir.

The CHAIRMAN. General Warner, we will be glad to hear you. Now, if you will permit me, I would like to suggest to the commitee that it would undoubtedly be better for General Warner and for ourselves that we listen to his argument, and after he is through then we will have an opportunity to put such inquiries as we may choose. We will hear you now.

STATEMENT OF A. J. WARNER.

General A. J. WARNER, of Ohio, then addressed the committee. He said:

Mr. Chairman and gentlemen of the committee, the national silver convention which met at St. Louis in November last adopted a resolution, by an almost unanimous vote, requesting Congress at this session to make provision for opening the mints of the United States for the free coinage of silver to be a legal tender, just as it was before the act of 1873; that is, to all the rights of mintage and legal tender which are now accorded to gold; and, until such action be taken, that the Secretary of the Treasury be requested to exercise his authority under the present law, and coin the maximum, instead of the minimum, of silver provided for by the act of 1878.

The situation, gentlemen, with respect to the money of this country and the world is far from being satisfactory. In the United States we are confronted with this condition of things: First, our national-bank notes are being retired as the bonds are paid off, and thus the paper part of our currency is reduced and a contraction of the money volume to that extent, of course, follows. Our money is therefore limited to gold—the supply of which we shall consider further on—and the $2,000,000 of silver a month, coined under our present law. Now it will

be admitted on all sides, I think, that this condition relative to silver can not be accepted as permanent. The forced coinage of a given amount of silver and the regulation of the volume of money, and consequently its value, by legislation, is little better than the direct issue of paper money.

Until the passage of the act of 1873, gold and silver were set apart by law and the common consent of mankind as materials out of which anybody could have money coined. The metal itself was potentially money. All the Government did in that case was to certify to weight and fineness, and declare a given weight of metal to be a legal tender for a given sum. Now with the coinage of $2,000,000 of silver a month we simply take out of the total quantity of silver in the world so many ounces and stamp that, and declare that so much of this metal, and no more, shall be legal-tender money, and that the rest shall be commodity like anything else.

Formerly the regulation of money was left to the mines—the production of the metals. But silver having been demonetized, except to the extent it may be coined under our law, we are left entirely to the gold mines for natural supply of money.

This, then, is the situation that confronts us: Prices are already down to the level of prices in the decade from 1840 to 1850, and still falling; national banks are giving up their circulation, not because there is too much money, but because, at the present price of bonds, it is not profitable *to them* to continue it; the supply of gold is growing less, and more and more is consumed annually in the arts and dentistry; population is rapidly increasing and in about three decades—a period no greater than has elapsed since the beginning of our late war—will have doubled. Whence is money for this added population to come? Brought face to face with this situation, what is the duty of Congress?

The question of first importance in this connection is, what is the gold supply of the world for monetary purposes? The annual production is not far from $100,000,000 a year. Out of that at least $85,000,000 is consumed in the arts and dentistry. This is Dr. Soetbeer's estimate. It is my opinion that there is not an ounce of new gold from the yearly production of the mines to add to the money volume of Europe and the United States; that what is not absorbed in the arts and dentistry drifts away to the far east, to be there consumed in various ways, and that therefore, so far as the gold supply for money for western nations is concerned, there is none even to keep up the loss from abrasion and otherwise of the present stock. But admitting that Dr. Soerbeer's estimate is more reliable, and that there are $15,000,000 of gold to be distributed among the gold using countries after the consumption in the arts is supplied, what a feast we are invited to, with population in the United States increasing at the rate of nearly two millions a year and $15,000,000 of new gold to be divided among all the nations relying on gold for money.

Nor is there any prospect of an increased production of gold, but on the other hand geologists everywhere concur in the opinion that the world's supply of gold for the centuries to come is destined to be a waning supply. Our great supplies of gold in the past have come mainly from placer mines. There may be new finds, but almost certainly none to greatly increase the world's annual supply. Under this condition, unless some other kind of money is resorted to, we are doomed to a constantly shrinking volume of money and, as a necessary consequence, to a constant decline in prices. How long that is to go on who can tell? It surely will go on just so long as the money volume

continues to contract relatively to population and wealth. For whatever the money volume may be at any given time, if population and wealth increases without a corresponding increase of money supply, the effect will be precisely the same as though, with a fixed population, money should undergo constant contraction.

Now what are the needs of the increasing population of the United States? Take the present volume of money at $23 to $25 per capita, and assume that the increase of population will run from 1,800,000 to 2,000,000 a year—as it will for the next thirty years—and you will see that to give the increased population the same amount of money per capita that the present population has, we would require an addition of from $45,000,000 to $50,000,000 a year to maintain stable relations between population and volume of money; and I submit that in no other way can stability of prices be maintained. It is impossible for prices to remain at a given level while the money volume, relatively to those who use it and to the wealth upon which it is used, is undergoing contraction. I shall not stop to dilate upon the effect of a contracting volume of money upon industries. Whoever has had anything to do with industrial operations knows the difficulty of carrying on industries of any kind on falling prices.

What we plead for, therefore, gentlemen, is not inflation; it is for stability—stability in the measure which measures all things. It is for the justice of a stable measure. Why, if Congress should, by the smallest fraction, change the measure of length, of weight, or of volume, the courts would interfere to compel justice between man and man; but when the measure of value is changed, as it is when the money volume is changed, then all weights and all measures are at once affected.

Let me next direct your attention to a few facts touching the supply of the precious metals at various periods, and the effect this has had upon the world. Take first the period from 1850 to 1873, and you will see why I direct your attention to that period. The gold discoveries of California and Australia did not begin to affect prices, industries, or commerce until about 1850 or 1851. Not until then did the world begin to feel the quickening impulse of the flow of the precious metals from these discoveries into the channels of trade and commerce.

The production of gold and silver, for the world, during the period of twenty-three years, from 1851 to 1873—the date when silver was demonetized—was, according to Dr. Soetbeer's tables, $3,788,400,000. That was an average of $162,000,000 a year, and this went largely to monetary use. To offset this we now have, for a vastly greater population, possibly $15,000,000 of gold! Prices increased steadily from 1851 to 1873—I refer to gold prices; currency prices were much higher during and following the war—gold prices, I say, steadily rose from 1851 to 1873. From the outbreak of the revolution in South America to the discovery of the gold fields of California and Australia, there was a great loss of metallic money. Jacobs places the loss at $335,000,000 for the first quarter of a century following the outbreak of the revolution. Now compare the period from 1825 to 1850 with the next twenty-three years, after the inflow of gold and silver from the newly discovered mines had begun. The first period (from 1825 to 1850) was one of falling prices, hard times, distress everywhere. In the next period, under the stimulus of an increasing money volume, commerce increased fivefold, wealth increased as it never increased before in any period of the world's history.

Now take the next period, from 1873 to 1878, after Germany, and

then the United States, with other countries, had demonetized silver, and when restriction in the supply of money for the western world began. The production of gold alone in the period of 1851 to 1873 was $2,680,375,000, or an average of $116,000,000 a year, besides the silver. But from 1873 to 1878 the production of gold fell to a little over $100,000,000 a year, and silver counted as nothing for money. The fall of prices began with the demonetization of silver in 1873 and continued until 1878, when prices reached a level as low as that of 1851, or lower. Money supply practically stopped in 1873 and continued so to 1878. The United States at the same time began to reduce its paper volume, which had reached as high as $965,000,000 of legal-tender paper of various kinds. France also reduced her volume of paper money. The United States, Germany, and Italy in that period of five years also bought from other nations nearly one thousand millions of gold for resumption purposes—to take the place of silver in Germany, paper in Italy and the United States. That is, these nations, that had used little or no gold in the former period, now took twice the entire production of gold during the period of five years from 1873 to 1878. Prices fell the world over in that short time to the level of 1851, as any economist would have predicted, as a necessary consequence of the insane legislation of 1873. In 1878 the Bland-Allison act was passed, and the United States increased its money supply by two millions a month.

Let us pass now to the next period, from 1878 to 1889. The paper volume of the United States has been reduced in the eleven years embraced in this period by $235,000,000. The addition of silver has been, in round numbers, $350,000,000, but during this period—from 1878 to 1889—population has increased 16,000,000, so that, notwithstanding the coinage of two millions of silver a month, and notwithstanding the fact that this country has absorbed $500,000,000 of gold that was not in the country in 1878, the money volume of the United States, relatively to population, has decreased rather than increased. Between 1879 and 1881, for two and a half years, the money volume did increase rapidly. Why? Because as the result of the previous accumulations of gold for resumption purposes prices had fallen lower here than anywhere else. It was at this time that the scramble for gold that Bismark referred to, by Germany, the United States, Italy, and other countries, took place and prices fell rapidly throughout the world; but they fell faster in the United States, and fell lower in 1879 to 1881, than in Europe; that is, the general range of prices was lower in the United States in 1878–'79 (I refer of course to gold prices) than anywhere else. Consequently, as soon as resumption took place, there was an immediate inflow of over $167,000,000 of gold to restore the equilibrium and bring prices in the United States to the international level of prices.

There was an increase of the money volume from these natural causes and a corresponding increase in prices. Prices rose a little from 1881 to 1883. Then the downward course began again. Then began the shrinkage of volume and fall of prices which has continued to this day and must, under existing law, continue indefinitely. There is not a sufficient supply of gold to maintain stable relations between money and commodities, and prevent a continual fall of prices, without being supplemented by some other kind of money. Now, what shall that money be? Shall it be paper, a purely credit currency issued by private institutions?

I shall not go into the discussion of this question, but will simply say that the world has happily passed that era. No enlightened nation to-day, no nation since the discussion of this great question by the

British Parliament and by British commissions, before and after the passage of the act of 1844—no enlightened nation, I say, will again relegate the regulation of its money—that which determines the prices of all products and the equitable relations beween debtor and creditor—to the uncertain and capricious demands of private interests. I say that day has passed, and enlightened nations will never return to it. Some better way of securing stability of money and stability of prices must be found than that. We, gentlemen, think the best way is to restore silver to what we believe to be its constitutional place as money by the side of gold.

I never believed that Congress had the right to deprive the people of this country of the use of silver as money. That was the opinion of such constitutional lawyers as Webster and Story, and in this I follow them. At any rate, we think the safest and the best way to provide a sound and safe currency is to restore the two metals to their old places as money metals, and leave to the people, leave to commerce and trade, to determine how much shall go to monetary use, and how much shall go to other uses. The regulation of the volume is then through the mines and is not dependent on legislation. I do not claim that it is such perfect regulation as to secure absolute stability of volume of money, but it is better than any other regulation that man has ever devised or put into practice. I know objections will be offered to this and I will proceed next to consider what the consequences of the immediate restoration of silver to its place as a money metal would be. First, it is said the coinage of two millions of silver a month has not prevented the fall of silver. If by that is meant that it has not been a force sufficient to hold silver up to the advancing level of gold, that is true.

It must be remembered, however, that when Congress demonetized silver it in effect altered the value of gold. The decree that struck down silver was also a decree that gold should go up—that the gold standard should be made a dearer standard; for it needs no argument to prove that gold with silver also circulating with it as money, performing part of the work of money, was or would be a very different measure from gold without silver or other money with it. So that the demonetization of silver was not only a blow at silver metal, not only did it have the effect of reducing the value of silver, but it had the direct effect of increasing the value of gold, and when we consider how this increase in the standard was made to apply to all the debts of the world, national, state, municipal, and private, I submit that the annals of mankind do not afford an example of such rank injustice as that act.

I say further, that I do not believe it is in the power of human ingenuity, prompted by the most malevolent greed, to devise a measure involving more wide-spread and far-reaching injustice and wrong to mankind than the measure that demonetized silver, not if spoliation had been its avowed purpose. They say it was an accident. You might as well tell me that a piratical expedition launched from a Barbary coast to prey upon commerce was accidental. Somebody, somewhere, knew what was being done, and what the consequences would be, but who it was will probably never come to light. It is safe to say, at any rate, that not one in a million in this country knew what was being done, and I doubt whether there was a man in public life in the United States who had any clear conception of the far-reaching and insidious consequences of the act. I have never met such a one; but somebody *did* know it.

But to return to the question of the fall of silver. The Bland-Allison

act, it is admitted, has not kept silver up to the advancing level of gold, but has it not operated to prevent the fall that otherwise would have taken place? It seems to me this is little more than a question of arithmetic. Take the production of silver for 1888, at $142,000,000, as stated by the Director of the Mint; the United States took of that for coinage purposes, $32,300,000; India took about $35,000,000; Japan, $10,000,000; Mexico retained at least $10,000,000; Asia and Africa took $18,000,000; $15,000,000 was used up in the subsidiary coinage of Europe and America, leaving less than $22,000,000 for the arts, and $22,000,000 is Dr. Soetbeer's estimate of the consumption in the arts. Other estimates are higher, but assuming that to be substantially correct, the silver production of 1888 was distributed about as I have given it.

Will anybody contend for a moment that the consumption of the $32,000,000 for coinage in the United States did not have the same effect in maintaining prices that the consumption of $32,000,000 for any other purpose had? Now, if the production was $142,000,000 and the United States used $33,000,000, the effect in the United States was to take up $\frac{33}{142}$ of the supply. That is, the demand here was $\frac{33}{142}$ of the whole production, and in that proportion it upheld the price of silver. It seems to me that is the whole of that problem. The production for the whole period since the passage of the Bland-Allison act has been about $1,400,000,000. The consumption in the United States has been somewhat over $350,000,000, and to that extent the United States has upheld silver. Who would say if the United States had not used this proportion silver would not have fallen lower? Nobody would so contend, I think, for a moment. On the other hand, suppose the United States, instead of using $33,000,000 a year, used $60,000,000, the maximum of coinage authorized; that would be $\frac{60}{142}$ of the whole annual production, or nearly one-half of the whole production since 1878 would have been consumed in our coinage. Can anybody doubt that this would have been sufficient to maintain the price of silver at the level of gold?

I now come to the main question—the effect of the restoration of silver on prices and on the world. I shall assume in my argument that it will be agreed that there are no considerable stocks of silver anywhere in the world not used up in the arts or consumed in coinage. This is the report of the Royal Commission, and I shall assume that that will be admitted. Then we have only the annual production to deal with. Assuming that the production will continue to be $140,000,000 a year—it may be a little more or a little less, but in the run of years is likely to be less rather than more—but assuming that it will remain at $140,000,000, and that our mints are opened to the free coinage of silver as it comes to them, what would be the effect upon the distribution of the production of 1890? Where will the $140,000,000 go? Would it all come to our mints? Would Asia take none? Would India take none? Would none be required for subsidiary coinage? Would the arts take none? Would South America take none? Such suppositions can not stand for a moment.

In the first twenty-five years after the discovery of gold in California India took over $1,200,000,000 of silver. For the last five years the average has been about $35,000,000 a year. If India alone should continue to absorb silver until she has for her population a per capita of money equal to that of the United States it would take more than the entire range of the Cordilleras from Alaska to Patagonia has produced since the [illegible]ery of America. The rest of Asia may take less, but

Asia, as some writer says, "is the world." We scarcely appreciate the effect of the vast population of that country in absorbing steadily the precious metals. What effect is the raising of silver to a parity with gold at 16 to 1 going to have upon trade with Asia, or its absorption of silver? Will it be perceptible? Scarcely so. India may take a little less. There may be a few millions less consumed for subsidiary coinage, though that is a demand the price can not much affect. Somewhat less may go to South America and some less be retained in Mexico; but that more than \$60,000,000 to \$75,000,000 out of the world's production, or much more than the production of our own mines, would come here I think no one who has examined into the use and distribution of the metals would claim.

But, it may be asked, what of the silver of Europe? It is quite enough to say of the coined silver of Europe—\$1,200,000,000, or whatever it may be—that it is all upheld at par with gold at the ratio of 15½ to 1. Any holder of silver coin there can exchange it for gold, or buy with it just as much as he can buy with gold, at the ratio of 15½ to 1. Would he bring it over here to be exchanged for gold, even if he could do that, or to exchange for products, at a ratio of 16 to 1, and lose 3 per cent. by the transaction? Manifestly not. Before the coined silver of Europe can come here it must first be demonetized. Will the states of Europe demonetize it? Could they do it, loaded with debt as they are, and compelled to strain every nerve to provide for their annual revenues? Not a state in Europe could stand the strain of such an act three months. There is no danger of that. I repeat, then, that we have only to consider the annual production of the mines. Now, suppose that \$75,000,000, out of the \$140,000,000, or, say, 50 per cent. of the whole production of 1890, should come to our mints, what would be the effect of the addition of \$75,000,000 to our currency? Let us see.

The Comptroller of the Currency reports that last year we canceled over \$41,000,000 of bank notes. That created a void—except as new banks took up a portion of it—which must be filled before increased coinage can have any effect upon prices. Then, as I have shown, the increase of population would take up from \$40,000,000 to \$50,000,000. Thus, to fill the void caused last year by the cancellation of \$41,000,000 and supply the \$40,000,000 or \$45,000,000, required for the annual increase of population, will take, say, \$80,000,000 for both. The cancellation of bank notes may not be quite as great next year, but the needs of the added population, and to make up for contraction by cancellation of bank notes, will certainly both together take not less than \$60,000,000 to \$75,000,000. So much is required simply to maintain the stability of money and hold prices where they are. Suppose this need is not supplied; what will be the consequence? Necessarily a further shrinkage in the money volume and a further fall in prices, which, as I have said, are lower to day than in any period since 1830 to 1835. They are lower for wheat than for a hundred years. It is stated on good authority that the price of English wheat has not been as low as now since 1761.

Too much stress can not be laid on the fact that unless provision is made to fill the void caused by note cancellation and supply the wants of new population lower prices must come for all our products, because you can not change the measure without changing everything that is measured. We may have a rise or fall of prices of given commodities, under the law of supply and demand, having reference to a given measure or a given volume of money, but you can not have a change in the prices of all things except by a change in the measure itself.

Now, where is this supply of $75,000,000 for this year, which we need merely to prevent further fall of prices, to come from if not from an increased use of silver? That is a question this Congress can not ignore.

But we are told that the increased coinage of silver will, under Gresham's law, drive out gold; but Gresham's law is a law of displacement and that only. Not until we have supplied all new demands for money can the increased coinage of silver have any effect on the gold part of our money, and what we ask for will no more than supply the new demand. It is not necessary, of course, that all the silver should be immediately coined. If certificates are preferred, the circulation will be by certificates. What we want is regular money supply and the safe regulation that comes from the precious metals.

Therefore, gentlemen, I am unable to see any reasonable cause of alarm in the immediate restoration of silver. On the other hand, I say unless this Congress shall restore silver, or do something else that will keep up the money supply, the people of this country are doomed to lower prices and harder times. All our industrial interests will be subjected to the incalculable evils of a continually shrinking volume of money, and the people to the injustice of a constantly increasing standard of value.

Who can believe that the supply of the two metals will more than meet the increased wants of the world? It has not done it in all the ages passed. No; that is not why silver was demonetized. The deep-laid plot to strike from the world one-half of its money and change the standard of payment in the face of the vast debts that existed, and which still exist, was an attempt to gather the world's wealth and the fruits of its industries into the hands of a few. It was an act that can no more be justified than piracy can be justified. As this was done by legislation we ask this Congress to reverse that legislation and restore silver to its constitutional place as a money metal, and give us a stable volume of money and arrest the fall of prices, that debts may be paid by a scale somewhere near that by which they were created and that industries may prosper; that the people may know when they engage in production that the measure is not to be changed upon them, and that they will not be obliged to sell to-morrow what they produce to-day at a price less than cost of production because of a change in the measure by which all things are finally gauged.

I believe that is all the argument I wish to make, but if there are any questions I shall be very glad to answer them as far as I am able.

The CHAIRMAN. Let me ask just one question, Mr. Warner. I want to know—you, of course, have read the bill prepared by the Secretary?

Mr. WARNER. I have.

The CHAIRMAN. In your judgment, will the passage of that bill furnish the relief sought, and if not entirely, in a very large measure?

Mr. WARNER. So far as the bill follows the principle evidently had in view in its preparation, it would, unquestionably; but in some of its sections, it seems to me, it so far departs from the principle on which it is based as to make its operation very uncertain. The primary principle of the bill I conceive to be perfectly sound. Bimetallism is the unlimited use of gold and silver for money. That is bimetallism. But it is not necessary that the ratio between the two metals be 16 to 1 or 15½ to 1, nor is it absolutely necessary (although much better) to have any *fixed* ratio at all. The essential thing is that the two metals shall be open to monetary use without limit. That, I say, is bimetallism.

Now, if the doors of the Treasury are open to the reception of all the silver that is offered and all the gold that is offered, at a ratio deter-

mined by the market price on that day or any day, that is bimetallism, whatever the ratio may be. The ratio may be the commercial ratio as well as 16 to 1. I can not come to any other conclusion. That being the case, so long as that principle is adhered to the operation of the bill would be this: Suppose, for instance, the average price of silver yesterday in New York was 98 cents an ounce, and that the Secretary takes that as the Treasury price for to-day—for the Secretary does not *make* the price; he simply *determines* the price which the buying and selling of the world makes. It is clear that silver would not fall below that price, for there is a buyer for all that is offered at the price stated. The price will rest there and can not fall. It may rise, and the tendency would be to rise, because the silver that goes into the Treasury is withdrawn from the markets of the world. The supply is lessened by so much; at the same time it is monetized through certificates—or would be if the primary principle of the bill is carried out all the way. In short, by one and the same act, the silver would be withdrawn from the market, and the money volume would be increased by the certificates put out. In other words, the silver would be monetized.

The CHAIRMAN. The effect of the passage of this bill, in your judgment, would be the same practically as free coinage?

Mr. WARNER. It would be bimetallism, but not quite free coinage. I will come to that in a moment. The first effect of the bill will be to stop the fall of silver. That is, if the principle of bimetallism is strictly adhered to. If silver rises, as it doubtless will, then immediately the advanced price becomes the Treasury price, and it would not fall below that, but would undoubtedly rise again. It would rise, too, the world over; not only in New York, but in London and everywhere else, and the idea of the bill, as I understand it, is to follow the ratio which the trade of the world makes, at the same time operating as a ratchet to prevent a fall. It can not be otherwise than perfectly safe for any nation, no matter how limited its trade, to adopt that principle. Some of you gentlemen may remember that this same principle was involved in a bill I introduced in the Forty-ninth Congress, on which I made an argument before the committee of that Congress. I have the bill and the argument then made with me. It received at that time the indorsement of eminent economists, among them Earl Gray and Morton Frewen.

The CHAIRMAN. I want to give the committee an opportunity to make some inquiries, if the members of the committee desire to do so.

Mr. WARNER. If you will pardon me a moment till I refer to two or three points in which this bill, as it seems to me, so far departs from the principle I have stated as to practically nullify the principle, and leave the bill open to the charge that under it silver bullion is made a mere commodity, to fluctuate like anything else. Certificates when issued, I think instead of being redeemable of right in bullion should be redeemable, as every other kind of paper is, in coin, or lawful money. The Secretary, of course, has always the option of redeeming paper in gold coin or silver coin, but it should be like any other paper, redeemable in coin (or in lawful money) and not primarily, or *as of right*, in silver bullion.

Now, if you will look at the fourth section, you will see that the notes are to be redeemed on presentation at the Treasury of the United States or at the office of the Assistant Treasurer. How? By the issue of a certificate of deposit for a sum equal to the value of the bullion at that date. That is, the note, or money certificate, is redeemable in a *certificate of deposit*. Then how is the certificate of deposit to be

redeemed? Why, primarily and of right in silver bullion. The holder, however, may have it redeemed in silver coin, or the Secretary may redeem it in gold; but *primarily* the certificates are redeemable in bullion. Now let us see how that will operate. The certificates being redeemable of right in bullion, is it not almost certain that bullion dealers and producers of silver would combine to hold silver off the market until the price went up and then deposit it, getting the advanced price, and then, having deposited their accumulated stock, make a fictitious price below the Treasury price, and demand bullion for their certificates at the lower price? That process could be repeated as often as they might find it advantageous to do so unless stopped by the exercise of the discretionary power of the Secretary. And what Secretary would wish to hold the power to permit to one and refuse to another redemption in bullion. But if the option of redeeming in bullion is left with the Secretary, the primary right of redemption being in coin, there will be no interest to anybody to lower the price of silver. He could not get it out for speculative purposes, and the price would not fall below the Treasury price. In short, in the one case silver is monetized, in the other it is made a sort of security for notes to be taken up when the bullion is returned to the depositor.

There may be times, however, when redemption in bullion for export purposes would be to the interest of the Government. That is, silver bullion under the operation of this bill, being always at the level of gold bullion, it would be as available for export in settlement of adverse balances as gold bullion.

Now the other objectionable provision is this: the discretionary power given to the Secretary of the Treasury. If you restore silver to unlimited use as money, which this bill, following its fundamental principle, virtually does, then you have submitted the regulation of the money volume to the production of the mines. That is, to natural regulation, where it always ought to rest. Now, to intrust to one man the power to change it from natural regulation to *personal* regulation, to the will or judgment of one man, would be to trust him with the exercise of a power that no man on earth ever held in any age of the world, and never ought to hold. The very object of the bill is to relegate the supply and control of money to natural causes; and to let the principle of natural regulation operate or not as one man may decide, is to set aside the reason for having metallic money at all. In my judgment no such power should be lodged with any officer of the Government.

Mr. BLAND. What about this power of suspension?

Mr. WARNER. That is what I say. That is a power that no one should ever be permitted to exercise; it is a change from natural regulation to artificial regulation, at the discretion of the Secretary.

Mr. WILCOX. Is that the only objection to the bill?

Mr. WARNER. These two provisions are the ones chiefly objectionable. I think, however, provision ought to be made for free coinage, or unlimited certificates, when the ratio of 16 to 1 is reached, as it certainly would be under this bill. The bill I introduced in the Forty-ninth Congress, to which I have referred, contained a provision that if at any time silver bullion should rise to the ratio of 16 to 1, "then any holder of silver bullion, at his option, shall receive certificates for it, as provided in this act, or have the same coined at that ratio into standard dollars." I think this bill should contain such a provision.

Mr. WILLIAMS. Without these objections in the bill you speak of, do you think the bill would put silver on an equality with gold?

Mr. WARNER. In not a very long time. Undoubtedly it would have that effect.

Mr. WILLIAMS. Gold is still a single standard.

Mr. WARNER. Strictly speaking, I suppose no country in the world has a purely gold standard or gold measure. In the United States we say we have the gold standard, and yet the gold is diluted, so to speak, by $350,000,000 of silver and quite a large amount of paper. In England their gold is diluted with some $200,000,000 of paper, and so in every other country. Our whole currency is kept at the level of gold, but the gold does not constitute the same standard it would if all the other kinds of money were destroyed. Suppose our money volume consisted of the $700,000,000 of gold only, with no paper or silver, the gold in that case would have a very different value from what it now has with silver and paper circulating with it as part of our money, and would constitute in that case a very different standard. It would be the same in England or any other gold-standard country. Now, if you add more silver to our currency you make the color of the whole, so to speak, a little whiter; you do not necessarily depart from the gold level, but the gold level is not, however, exactly the same. In other words, gold is itself modified by additions of other money. The idea that gold constitutes an unalterable standard is an error which probably contributed more to the mischief of demonetization than any thing else. It was assumed that gold possessed a fixed value, and never changed.

But the value of gold is determined by the quantity of the gold in the world as compared with its uses; not one use only, but all its uses; uses in the arts, in dentistry, and for money. Take away from it any one of these uses, the quantity remaining the same, and the value of gold is changed, so that what is called the gold level may be preserved, with free coinage of silver; but the level would not be the present level any more than the present level is the same level as that of 1873.

There is one point I have omitted to which I wish to refer, and that is the extent of the effect on prices, of restoring silver. It has been assumed that the rise of prices would be equal to the whole difference between silver and gold. That, I think, is clearly a miscalculation. The effect of free coinage of silver on prices would be determined by the increase it made in the volume of money and not by the difference in the present value of the two metals. If the addition free coinage would make to the money volume should be greater than the increase of population, prices would rise as a consequence, but not otherwise.

Mr. MUTCHLER. What in your judgment would be the proportion of the production of the silver of the United States that would find its way to the Treasury annually under the Secretary's bill?

Mr. WARNER. I think substantially——

Mr. MUTCHLER. The whole of it?

Mr. WARNER. The production of the United States would substantially go there I think.

Mr. MUTCHLER. That would be $45,000,000.

Mr. WARNER. I will say further on that point, as it is in line with the questions, that it is plain that no silver would come here, under this bill, from any other country. For nobody would send silver from London to New York, because he could get no more for it in certificates in New York than he could get in pounds sterling, the same day, in London. There would therefore be no advantage to anybody, under this bill, to send silver here.

The CHAIRMAN. I want to say on behalf of the committee that every member, I know, is grateful to you for your appearance here to-day.

Mr. WARNER. I am very thankful that I have been permitted to do so.

The CHAIRMAN. I would like to inquire whether your committee desires to be further heard?

Mr. PIXLEY. If so, it will probably be at some regular meeting.

Mr. KNAPP. You said, I think, that we retired last year forty millions of bank notes?

Mr. WARNER. Forty-one millions.

Mr. KNAPP. And that it created a void to that extent.

Mr. WARNER. I said except as taken up by the issues of new banks.

Mr. KNAPP. Now, before the Government could acquire that amount of money for redemption and destruction did it not have to pay out an equal amount of greenbacks, so it would regulate it and keep the circulation at an equilibrium?

Mr. WARNER. No; I think not. The operation is this, I think: The banks are required first to deposit lawful money to cover their outstanding notes before they can take up their bonds, and this lawful money is paid out as the notes come in.

Mr. KNAPP. When a national bank deposits greenbacks and it sells to the Government bonds to day it gets greenbacks out of the Treasury, and as it deposits the same amount in the Treasury the same amount remains there.

Mr. WARNER. I can not understand how the destruction of $41,000,000 of bank notes would leave just as much money in the country.

Mr. KNAPP. Because before the Government could acquire title to that $41,000,000 it had to pay $41,000,000 to the banks when it is presented for redemption.

Mr. WARNER. I allude to the volume of money outside of the Treasury, and not that inside.

Mr. KNAPP. It reduces the volume of currency in the Treasury vaults.

Mr. WARNER. It must reduce the total volume in the country.

I thank you, gentlemen of the committee, for your kind attention.

STATEMENT OF MR. E. D. STARK, OF OHIO.

FEBRUARY 3, 1890.

Mr. Chairman and gentlemen, the subject I propose to discuss relates to the legal constitution of primary money. I mean by primary money, definition, intrinsic money. The thing itself—money—as distinguished from all the various forms of secondary money, credit of various sorts and mere subsidiary or token coinage. Dollar being our unit of money, I mean by primary money the thing itself, dollar; either silver coin or gold coin. The silver unit and gold coined into multiples of the unit. Those coins I define as primary, definition, thing, itself, dollar. They are the things whose delivery, whose tender, performs and discharges the promise which secondary money primarily is.

A distinction is here to be made between a dollar and the value of a dollar, a distinction that is not of any importance to be made for the business man in his commercial transactions. In taking an account of his stock he finds whether he has made a good year or a bad year by putting in his gold coin, silver coin, his tokens, his bank bills, his bills re[illegible] and accounts, and then converts all his various goods, plant, ap[illegible] and everything into money equivalents and in that way

gives a homogeneous character to them all and ranks them all down in one column as "dollars." Being accustomed to do that in his business, he very naturally falls into the notion that there is really no difference between a dollar and the value of a dollar. As I say, it is of no consequence to him to make any such distinction as that, but for legislation it is vital, for you may legislate with reference to one of those features or to the other or to both. They have separate, special, and distinct importance. It is plain then that the thing "dollar," the literal coin, may be fixed, may be permanent and unchanged as a definition, but its value may go all through a whole scale of variation, precisely like every other thing in commerce, dependent upon the thousand accidents to which it may be subjected, the conditions and situations in which it may be placed.

Now we are confronted here with this situation: We have two what I call thing-dollars, and I want to discuss them with reference to the extremest position which can be taken by monometallists, for I hold that a proposition which is true at its extremes is true at all of its intermediate stages. The extreme that would be conceded on all hands as being entirely innoxious and salutary would be that where these two standards are of exactly the same commercial value. That is the harmless and beneficial extreme. The other extreme is where they should depart from equivalence, we will say the whole distance that is now constituted by what is called the "fall of silver," let us say 25 per cent. below the gold value; or, in other words, that the gold is 33⅓ per cent. above the silver value, at what is called its "intrinsic" value, for that is what I am discussing. At present these two coins are equivalent, but it is well understood that that equivalence may be kept up by the limitation of the quantity, just as anything else may be kept up by that policy. I say then we are confronted with this alternative. I assume as our adversaries claim that we must use either one of these two coins as our standard money; not both, that they say is impracticable. They allege that this difference, called the "fall of silver," is a great, if I may say so, cosmic event, entirely independent of legislation, which legislation is powerless to materially affect one way or the other. I assume that, I do not agree with it, but you understand I am arguing now this case on demurrer, that is, on the extremest position that our adversaries may take.

We are confronted then, I say, on the supposition of our adversaries, with this alternative: A silver dollar when freely coined at a commercial value, say of 25 per cent. below gold coin, or a gold coin 33⅓ per cent. above the silver coin, either of which is a true unit of money by law, by universal consideration and use, and by legal intendment immemorially. I suppose I need not stop to say that the silver dollar is a constitutional, thoroughly legal dollar, and always has been from even before the foundation of our Government; our Government wisely simply ratifying what was before, as all wise legislation does, and in attempting to give legal establishment to such definitions it must not vary fixed weights and measures that have entered into the extensive commerce and usages of society. That is almost a sacrilege if it be done, and is never justifiable except in those extreme cases where the sovereign power may do almost everything for the national safety.

I say then we have these two thing-dollars, and the question is, which one shall we take? "Under which king?" Why, the answer is plain and easy—why, the best one, of course. Now which is the "best" one? By what criterion shall we say this is better than the other? Is it *enough to say* we shall take the more valuable one? I think not. The

criterion by which we are to judge of excellence in the money unit is not the interest of him who has it as against the interest of him who has it not; nor in the interest of him who has it not and is seeking to obtain it as against the one who has it. High over and above, far above, the interests of two persons in the scramble, each to get the most for what he gives, there is an equity and fair play—a broad judicial regard for all rights and interests; that is the thing you are to take into account.

How shall we determine this? Which is the best dollar of these two? Why, plainly that is to be determined by reference to the main use for which we have a dollar at all. And what is that? Why, it is well known that in ninety-nine cases out of one hundred, and if we cast out of consideration the small transactions done by small change in cases where small coins are necessarily used, I think it is even a smaller proportion than that, where actual money is used, perhaps even not one one-thousandth part of the cases, does the commodity character of money come to the front or is thought of in monetary transactions. That is to say it is this secondary feature of money, namely its value, which is thought of and whose greater or less value is the criterion by which we are to determine which is the best of these two units in respect to the equities of business.

What is that feature now of the dollar which constitutes its supreme excellency? I only adopt the commonplace of all monetary science when I say it is its constancy in value; that is the supreme excellence of it, and if it shall turn out that our money as now constituted is more constant in value, is vindicating its excellence in reference to valuing all goods more unvaryingly, fairly, and equitably to all parties, and promising equal equity in the future, monometallism has its case. If, on the other hand, it shall turn out that even in the extreme case that I suppose, namely, of the departure of these two coins from that equivalence which they now have by reason of the limitation, as we say, of the silver; if it shall turn out in that extreme case that the silver dollar is a truer and more equitable valuator, then I say silver has the case as against gold if we are driven to the alternative (which of course I am only assuming for the argument), of taking one alone.

Now is that so? Is it true that the silver dollar in respect to its value, its bullion value I refer to, is truer than a gold dollar to all the traditions and usages of our past commerce and experience? Why I suppose there can not be any two opinions on that. There is an absolute consensus of opinion and testimony upon that point all along the line. Nothing is more familiar in the literature and discussion of this whole question than the palpable fact that all prices in the occidental world, where gold has become the exclusive standard, have fallen at least 30 per cent. This is the current testimony by every expert in this case, and that is precisely what we mean when we speak of the value of a dollar. Its value is not something in itself, any more than the value of that table or that chair is something in itself. Value, for the purpose of this discussion, is purely and simply a commercial fact. It is a social product; something that arises always by a trade, an exchange. It is how much of this will avail in getting that and how much that will avail in getting this. Each measures the other. There is no possible, I might almost say conceivable, criterion for the ascertainment of the value of a dollar or a change in the value of the dollar, except by reference to the things it buys. If it will buy more today than it would last year; it has become more valuable. That we claim is exactly what the gold dollar and what our current dollar as

now established does, and we claim that this is an unquestionable impeachment of money as at present constituted, in regard to the supreme excellence of a money constitution.

I have watched with a good deal of assiduity the literature of this entire discussion, and I can find nowhere anything that assails that proposition, as a proposition of economical doctrine, of the plain and palpable fact to which I have referred of the fall of prices, and you have heard it over and over again. And what is the business of wise legislation? What is it in regard to money? First we must not change the literal thing itself; we must not change the definition. A dollar is, and I trust always will be, fixed at 371¼ grains of pure silver. That has almost become a sacred landmark.

A MEMBER. Bar silver, you mean?

Mr. STARK. Yes, bar silver. The alloy has been changed once slightly, but the amount of bar silver has never been changed, although our gold coin has; and I may say in that respect, the usage of the whole world is with us, for I want to be corrected if I am mistaken in the statement that nowhere in the civilized world to-day is there a money unit which did not first stand for a unit weight of silver; not one. Afterwards a derivative definition attached to a commercial equivalent of gold, and in some few cases, cutting loose entirely from the silver definition, as England did in 1816.

Here we are right abreast of that great controlling fact which explains to us and makes clear why it should be that silver is more permanent, more constant as a valuator than any other thing known to the world. It is because it has been by universal usage all over the world and in all times since history began, the money unit, into the terms of which has been translated for purposes of transfer and exchange, all goods. It lies at the basis, it has permeated all the thought, the instinct, the unconscious thought and action of the whole civilized world, and does to-day exclusively three quarters of mankind. All over Asia they outnumber us, they outweigh us by the conservatism of their habit, and our great-grandchildren will live and die and moulder and be forgotten before any breach will ever be made in that habit of estimating, for purposes of transfer, value in silver, over a great portion of the world. In neglecting, in ignoring that great, tremendous force, which almost becomes, by virtue of its long time and wide extent, almost becomes cosmic; by ignoring that tremendous force of constancy, we make a fatal mistake, it seems to me, the consequences of which can never be computed, and which generations to come can never surmount or overcome. It works itself out, as we see in universal depression in all of the staple industries, for, mark, there are many things that prosper of those various vocations and industries that have special privileges and special protection by monopoly, by patents, by being in the advance, by novelty and striking new tastes and new fashions; all those may more or less prosper, but wise legislation don't look to them.

It seems to me wise legislation looks primarily to that great solid industry—agriculture, the food and fabric staples, in regard to which we are at the mercy, and must be at the mercy, of the great hordes of Asia. And although we may sneer against coming to an "Asiatic silver standard," we are there in economical effect with respect to our cotton and wheat, and we are there and disastrously there in respect to those great staples, for India measures them to-day in silver, by their old accustomed way. We have to conform to that and make the change, turn it into a gold equivalent and take the loss, and so I say, the rise of gold—I prefer to put it that way, for that is true, perfectly true, in

the view which statesmanship should look upon it—this rise of gold is a spoliation of all goods to the full difference of what is constituted by this so-called "fall of silver." This is a fall you will observe in the price of silver, as estimated in terms of gold, but for economic purposes, for the broad beneficence of philanthropy and statesmanship in the question of how we shall constitute our primary money, our measuring and definition money, the true criterion is those great staples by which we live, by which we support a common existence among all our population, the food and fabric staples; we must guide by them and legislate with regard to them.

Now, is there any getting away from the conclusion that in the extreme case—and that is what I am arguing, on demurrer, as it is put by our adversaries—that if we open the mint to the unlimited coinage of silver, our money will go down 25 per cent. below where it is now; in other words, that gold will go to a 33⅓ per cent. premium above the current dollar, and go out of monetary use in some way. On that supposition, have we not then a healthier, a more equitable valuator for the present, truer to all the past, with greater assurances of constancy for the future, than we have on the gold basis? And understand, I am putting an exaggerated case. I repudiate as totally crude and the product of either sinister, selfish, and bad purpose, or else of very imperfect understanding of the commercial problems of society, when I say that this change will take place in these two coins or primary dollars, when the mint is open freely to the coinage of silver. I would be modest in making assertions involving quantities here, as I would not in certain other assertions involving fundamental principles that are just as true as any mathematics can be. I would be a little modest, and yet I am very confident, from a careful examination of the matter, that no such commercial effect could take place between the two coins, because, as has been demonstrated to you here before, there is no amount of silver available that possibly can be got to take the place and drive out of use the volume in such quantity of gold as to make it go to a premium. It never could go to a premium unless it was substantially all displaced by some other money.

Suppose, without being so displaced by other money, it should go out of use, what would that do? Why anybody who has the slighest understanding of the international forces at work knows that just as soon as that would be done there would be a material shrinkage in the volume of our money forthwith, our prices would come down and there would come money of some sort to fill the vacuum, that is, it could not get away, for it would buy more here than abroad. Secondary money is not so. That is another matter. That I do not propose to take any time to discuss, for it is enough on this occasion to make my point on the extreme position of our adversaries and to vindicate and justify the policy of unlimited coinage upon that extreme position, and if I have not made the matter clear, I am sorry for it, but it seems to me the position is irrefutable, and the great obstacle that there is in the way of realizing its cogency, its conclusiveness, is the confusion in the public mind as to the difference between a dollar and the value of a dollar, or, in other words, an apprehension of what value is, and the fact that it is simply and solely a relation in exchange, commercial relation purely and simply. Value is that in all discussion of economics, and this argument and demonstration hugs right close to the great controlling law of commerce, of actual business, and is not something merely as a wild theory [illegible]r. I have now taken probably as much time as you would [illegible]ce to hear me.

The CHAIRMAN. We have until 12 o'clock, and unless Mr. Stark desires to stcp, should like to hear him until that time.

A MEMBER. I would like to ask just one question. As I understand it, you say there is no stock of silver to come in; if we permit free coinage, silver would appreciate to the value of gold?

Mr. STARK. No, sir. I am glad you put the question in that way. Gold would fall to the price of silver. I hold that the present difference between them is, for every economical discussion, a rise in the value or purchasing value of gold, and that the change would take place, if it does take place, in that way. It would be a restoration of our standard dollar to its traditional value.

SAME MEMBER. I want to get a specific answer to my question. I do not mean to interrupt you as to the form of the answer. I want an answer to the question. I want a specific answer to this question—whether your position is that silver would rise to the value of gold, as we now speak of it, the price, or whether gold would depreciate to the present value of silver?

Mr. STARK. That must be determined by reference to the general range of prices. If we find all prices in a general way——

MEMBER. I want to get at the fact whether they can come together.

Mr. STARK. You understand I have not specifically discussed that, but I have no objection to stating my conclusion in regard to it. Of course it would doubtless be somewhere between these two things. It may be that our range of prices would not rise as high as they are in India to the silver, but they would rise some, and it would be also a fall somewhat in the value or the purchasing power of gold. Just at what points between those two it might rest, of course it would be difficult to say.

MEMBER. Then you claim that at the present rate of silver and the weight of gold, of the gold dollar, that the prices would come together by the rise of prices and the fali of gold——

Mr. STARK. And the fall of gold prices in gold-using countries. Just at what point between the two extremes it might settle would be a difficult thing for any person to state.

Mr. CARTER. If by law this country, England, France, and Germany should demonetize gold and remonetize silver, what would probably be the relative purchasing power of the two metals in ten years?

Mr. STARK. Demonetize gold?

Mr. CARTER. Yes.

Mr. STARK. That is such an extreme proposition, I think a man must be very rash to size up with any attempt at accuracy the effect of such a thing as that. It would make gold worth very much less and it would lower all prices, for we can not get along without gold, as an addition to our volume of intrinsic money; that would be a great calamity, to discard either in that function of primary money.

Mr. CARTER. Germany demonetized silver some years ago?

Mr. STARK. Yes.

Mr. CARTER. Was the purchasing power of gold and silver any nearer a dead level at that time than it became after the demonetization of silver by Germany?

Mr. STARK. Relatively the same. The words dead level are not exactly accurate for such a purpose as that.

Mr. CARTER. Such a proposition.

Mr. STARK. No.

Mr. CARTER. You claim, Mr. Stark, in some of your published works, I believe, that the demonetization of silver has led to the employment

of gold exclusively as a standard or measure to such an extent that gold has appreciated. You make that statement?

Mr. STARK. Yes, I make that now.

Mr. CARTER. Now, if gold had been demonetized instead of silver, and silver had been fixed as the unit, would the effect have been the other way?

Mr. STARK. Exactly, undoubtedly; yes, sir.

Mr. CARTER. The direct opposite thing would have occurred?

Mr. STARK. Precisely.

MEMBER. That is of the two metals?

Mr. STARK. Prices as compared with the metals respectively as estimated in the metals respectively.

CHAIRMAN. Do you mean the prices of products or goods?

Mr. STARK. Prices of products. Here is a contention of metals, and we must test them, not by one product, but by prices in the aggregate. It has been clearly and conclusively shown that the so-called fall of silver is merely a relative fall only to gold, and there has really been a rise during that time. When silver was said to be falling, silver prices were falling and silver was appreciating.

Mr. CARTER. What he is now saying has been thoroughly illustrated.

Mr. WALKER. As I understand you to say in answer to Mr. Carter, the meaning of terms I am getting at—I am not trying to discuss it or to interrupt you—I understand you to say if gold had been demonetized in the place of silver that the result would have been just the opposite.

Mr. STARK. Yes, sir.

MEMBER. Now what do you mean by just the opposite? Do you mean to say that prices would have remained stationary and would not have appreciated as they now have?

Mr. STARK. It depends whether we were on a gold or silver basis after that demonetization.

MEMBER. If this country and Europe, as it practically has done, demonetized silver and continues to use gold, you say a certain result has followed, then in answer to Mr. Carter's question you say, if it had been the demonetization of gold and coinage of silver, the direct opposite would have been the result. What do you mean by that term?

Mr. STARK. A position between the two metals.

MEMBER. Do you mean to say that prices would have remained level?

Mr. STARK. It would have left prices in the same plight that they are now. It would do so if we consider simply the quantity relation of money to goods; but, as I hold, when we consider the overpowering effect of all Asia in the direction of stability, it would not be so great in the discarding of gold as it has been in the discarding of silver.

Mr. WALKER. Your answer then is that silver prices would have remained practically about what they were thirty years ago?

Mr. STARK. More nearly so than exclusive gold prices.

Mr. WALKER. That is all I want to get at.

MEMBER. The complaint to-day would have been—had this demonetization occurred in the way suggested—I reiterate, the complaint to-day would be that silver had appreciated and gold had not depreciated.

Mr. STARK. Yes, you see there would be no complaint, if gold was nowhere used as money at all. We are using silver in a limited way and that [illegible] the contention between them, but if there was no gold used a[illegible] re would be no discussion.

MEM[illegible] true that while silver has been practically demonetized [illegible] ver is still used as money?

Mr. STARK. Yes, as subsidiary money.

MEMBER. During the entire period that the bimetallic standard obtained in France, say from 1801 to 1873, there were constant movements backward and forward in these metals, under the operation of what is known as Gresham's law, was there not?

Mr. STARK. There is such a law.

MEMBER. What I want to ask is this: Suppose that to be the law and suppose it to be the correct law——

Mr. STARK. It is the correct law.

MEMBER. Suppose it was a fact that at times the silver would flow out of France and at other times would flow in; at times gold would flow out, and at other times flow in. They have a bimetallic standard all the time. Did you ever hear of any business disturbances happening because of that fact?

Mr. STARK. No, sir; I think if anything that would be a force operating in the direction of constancy in the purchasing power, in the unit measure of value.

MEMBER. Well, now, the tables show that during that period of seventy years there were some slight fluctuations between the price of gold and the price of silver. During that time, I believe, the highest prices that gold obtained, as shown by these tables, were 1 to 15.11, the least price 16.25. Did that fluctuation, in your judgment, have any material effect on the bimetallic system?

Mr. STARK. It could not affect the equities of contracts, whichever the metal was. As I understand it, that change was very little, but the fluctuations of exchange itself were within that range. When there was to be a metal sent abroad in the way of balance of trade, they would send that one which was preferred there, because there might be shown that difference in the exchange of the one sent and the one at home, and was always kept within about the limits of the changes that took place in foreign exchange.

MEMBER. In your judgment, was a portion of that fluctuation owing to the fact that the ratio in France was 15½ to 1, while that in India was 15 to 1, and that in the United States 16 to 1. Do you think that had anything to do with it? The ratio given to our silver was so much greater that the practice drove gold out of surrounding countries. A different ratio was established in Europe.

Mr. STARK. Yes, so much more gold could be got in Europe for our silver coin. That was the reason why in 1873, when bar silver itself was worth 103 in France, it would be worth 3 cents more than here. In France they took the bullion and exchanged it for gold at a ratio of 15½ and come here and make 3½ by the operation.

MEMBER. Now, in your judgment, Mr. Stark, can a great and populous and growing country like the United States, with 65,000,000, increasing its population a million and a half or two millions annually, establish the bimetallic standard and maintain it?

Mr. STARK. A man, of course, who has any regard for his reputation, wants to speak with some care in a matter like that; and yet I am free to say that my own conclusions, after a good deal of study, are that we could maintain it without any difficulty whatsoever; that gold would never go to a premium; that is to say, unless years hence some very great change should take place in European policy, or in the productions of our mines; but assuming a comparative stability in those condiditions, I think that there would be no sort of danger.

MEMBER. Then you think it is just as fair to assume a little something in favor of silver as everything against it?

Mr. STARK. I think it is fair to say this: That the combined production of both metals will never be sufficient in all prospects now to keep up the range of prices to their present level if they are both freely and fully used.

MEMBER. If the United States Government should open its mints to the free coinage of both gold and silver, saying to all depositors, "You bring your silver here and we will coin it in the ratio of 16 to 1 or 1 to 16," saying to the depositors of gold the same thing—that fact has a very strong tendency, has it not, to preserve those two metals in a constant ratio?

Mr. STARK. Considering the very small amount, not over one or two hundred millions of silver coming to our mints, I can see no sort of jeopardy for a long time to come, but this is to me the great and prime question, that whenever it should so happen that gold went abroad it would go abroad because it had become too high priced—that ain't the word, but too valuable as a standard for the great utilities in money as a valuator or transferer of goods, and that is its pre-eminent use and the paramount concern.

MEMBER. Now is this the fact that every gold dollar which goes abroad by reason of its appreciation compared with silver would leave a vacuum behind it which must necessarily be filled with a silver dollar, if there is one?

Mr. STARK. Yes, a silver dollar don't drive out a gold dollar as a ferret drives out rats. It drives it out because it goes to take its place under Gresham's law; that law is a law of displacement, not a law of antagonism and hate, and the gold dollar will stay here as long as the international level of prices is maintained that requires it here until some other comes in to take its place. That would require some five or six or seven hundred millions, as I understand it.

MEMBER. Then the departure of the gold from the country creates a demand for the silver which tends to restore the equilibrium?

Mr. STARK. Yes, sir,

MEMBER. What effect would free coinage of silver in the United States, in your judgment, have upon other countries that have demonetized silver?

Mr. STARK. What moral effect, you mean, as to their action?

MEMBER. Yes, sir; as to their action.

Mr. STARK. That is a difficult thing to say. I have studied this question, not so much as a political question; I have studied it as an economical question; as a question controlling the great laws of commerce; but assuming that Europe would have an ordinary sagacity in regard to its own interests, I do not see why they should not be very glad soon to come into a bimetallic arrangement; that is the way it looks to me, but perhaps my judgment is of no particular weight or worth on that question, because it is a thing upon which a variety of opinion might exist.

MEMBER. That is purely conjecture?

Mr. STARK. Yes. you can not guess what some one else would do when you are going to do so and so.

MEMBER. I did not know but that your study of the questions would bring you to some conclusions.

Mr. STARK. No, sir, it is not a matter of very great importance what they may do. [illegible] are under no obligations to conform our monetary system to t[illegible]pe. I do not see how we are hurt. Supposing they have [illegible]d. The two metals are at a ratio of 20 to 1, or a fluctuat[illegible]ot see how we are hurt. Our bushel of wheat

will buy just as much of the things they have as ever, computed in silver as if computed in gold. It makes very little difference between the nations considered statically, not dynamically. It makes little difference one way or the other, but on the question of gold contracts one may be under to pay pounds sterling, then it might be a very serious and important question, if we are on a ratio that would fluctuate with respect to the country where pounds sterling were the standard. He would have to look out for himself, but otherwise I can not see any harm.

MEMBER. Mr. Stark, have you seen the proposition that the Secretary has presented to the country?

Mr. STARK. Yes, I have; I have made some study of it.

MEMBER. What is your judgment of the relief in the passage of a message of that kind to the country?

Mr. STARK. It has in it so many provisions, that squint in so many directions, that it is hard for me to say whether on the whole it would help us or not. It would depend very largely upon the idiosyncrasies and make-up of the man who handles it. That bill administered by a man who has my views could be made sufficiently serviceable to accomplish our ends, but administered by a man who is already committed to the proposition that a two million per month coinage is a dangerous thing to the country, and only certain temporary conditions can counteract the calamities that are inherént in their issue, I should say was not a good measure at all.

MEMBER. You place your opinion in that regard on the discretionary clause.

Mr. STARK. Yes, in large part, and on that other section which makes no provision for the use of silver at all when it shall have reached the par of 16. Why stop there? That is not bimetallism; that is a scheme merely to help silver-producers with which I have no sort of sympathy. It aims simply to raise the price of silver and then stop its use for money.

MEMBER. Isn't it true that this measure has received the violent opposition of men who produced silver?

Mr. STARK. It has met their opposition, as I understand, largely upon the supposition that he will use that discretion to stop purchases at any time when, in his judgment, he deems it best, and his judgment is already forestalled or indicated as to what it will be. He is using his discretion now as between two and four millions, and he is hugging the minimum.

MEMBER. Isn't there a larger discretion given in the present law than there is to be in the proposed bill?

Mr. STARK. No, I think there is a much more dangerous discretion in the proposed bill.

MEMBER. Let me ask you, wouldn't the effect of the bill, if continued indefinitely, be to make silver a commodity for an indefinite period of time and make it constantly subject to fluctuations?

Mr. STARK. It would depend upon the way it was administered.

MEMBER. That is the general effect of that measure?

Mr. STARK. Yes, sir; it could be fixed into a very good measure. . I think the scheme proposed by Mr. Warner is vastly superior to it in those respects in which timid people might fear that it might be hurtful or subject commerce to any little shocks.

MEMBER. Would the effect of such a law be to bring up the price of silver or to bring down the price of gold?

Mr. STARK. It depends how it is administered. If administered by some person with my views, or if administered by a person who thinks that a pretty free use of silver is dangerous. I should like section 5 to read that just so soon as the commercial relation throughout the world of 16 between the two metals should have been achieved and maintained, if you please, for a safe time, long enough for the European metal to get here and beat down the price, if merely temporary and fictitious, that then and thereafter the mint should be opened freely to silver. That is whenever you get it at par, open the mints and all the objection to silver dollars would be removed.

MEMBER. The Secretary said that if the silver dollar was at par there would be no objection.

Mr. STARK. I think that is the position of our adversaries. If there were silver enough in it to make a "good" dollar, it would be good enough to go into circulation.

Mr. WALKER. Let me see if I have got this right. We are talking not about currency; if gold had been demonetized instead of silver, prices in coin would have remained very nearly the same as twenty years ago?

Mr. STARK. I would like, if I am to be committed to that answer in that way, to give the elements of the problem.

Mr. WALKER. Then I will withdraw it. I want to ask you just one question. Do you admit or not that the effectiveness of a day's work to-day, taking all machinery and everything into consideration—of course that is what fixes prices—is as much more in the whole scale of labor, or very nearly, as fall in prices; or what do you say on that point?

Mr. STARK. I am very glad you asked me that question. I have briefly discussed that in a paper that I read at the St. Louis convention, wherein I take the position that a day's labor must be judged by its output; if it is to be taken as a measure of value, it must be measured by its efficiency.

MEMBER. Isn't it much more efficient?

Mr. STARK. Exactly so.

Mr. WALKER. Then have prices fallen any more than that increased efficiency will account for?

Mr. STARK. I will illustrate the principle applicable to the fact implied in your inquiry in this way: Let us assume that a day's labor, equipped with all the modern appliances, is twice as effective as it was fifty years ago. Say a day's labor that many years ago would make one pair of shoes will with these modern appliances make two——

Mr. WALKER. But what is your opinion as to the amount of that increased efficiency.

Mr. STARK. I think with regard to those lines of business, using manufacturing machinery, it has increased more than that. With respect, however, to the great staples of food and fabric, it has been probably less than that. My position on that is that it is the product on which we must build for the purpose of determining stability of value and not on the day's labor, because that becomes a very different thing when you equip a man with intelligence, with fidelity, with that advancement and civilization which all those improvements bring, and which will not only produce twice as much products, but he should get twice as much wages.

MEMBER. You don't think when a man's labor becomes twice as effective he shou[illegible] have the same wages?

Mr. STARK. W[illegible] raise his wages, but not make a dollar buy more in the [illegible] dollar" has never contributed one single

thing except as capital. The changes and stability in the purchasing power of a dollar must be determined by the amount of products it will buy, and the products we are figuring on must be the great staples, wheat and pork, etc.

Mr. WALKER. How much have wages risen during the last fifty years?

Mr. STARK. I don't know. They have advanced; they have risen undoubtedly.

MEMBER. What is your idea?

Mr. STARK. The wages of farm labor have advanced very little, very little; the wages of mechanics in those industries that require special skill have very materially advanced. I would not wonder if they had doubled.

Mr. WALKER. But the fact is, Mr. Stark, from, say, about 1840 to 1873 they advanced very rapidly, and since that there has been a decline.

Mr. STARK. Yes, except in 1880, 1881 and 1882.

MEMBER. Has there been any extraordinary change in the productive capacity of men since 1873, beginning at the time that silver was demonetized? This change begins contemporaneously with demonetization of silver?

Mr. STARK. And continues, except in the small interval in 1881 to 1883, for special causes, the study of which are very enlightening.

MEMBER. Then, if silver did not bring it about, it was at least a very remarkable coincidence?

Mr. STARK. I think there is no question. No one can avoid the conclusion. I want to say one word. I do not presume to measure the time you can give this matter in the committee; but I should be very glad to meet any of you gentlemen when it suits your convenience for free discussion and illustration, and perhaps in the presence of gentlemen who may have opposite views to me, and I respectfully invite and solicit such discussion, for I think I have made the matter a sufficient study to entitle me to a little consideration.

Mr. CARTER. I would like to put one question before you conclude, Mr. Stark. You have stated that the operation of commercial methods within the half century gone by has been such as to constantly do away with the necessity for the use of the thing called a dollar actual metal. Did I correctly understand you?

Mr. STARK. I don't think I so stated, but that is substantially true.

Mr. CARTER. It is true by laws of exchange and checks, why then would it not be as well to have certificates issued on bullion of a given fineness, allowing the Secretary of the Treasury to coin at his will such money as might be required for the business transactions of the country, and issue certificates on the bullion deposited, they doing away with the expense of coining money, which would be ultimately represented by a certificate, by the dollar itself, piled up in the vault.

Mr. STARK. That is all, it seems to me, eminently proper. I suppose a large part of the gold in the Treasury is not actually coined, but every unit of gold there is a potential dollar, and every time they want more they make more.

Mr. CARTER. Then your theory of free coinage would be substantially satisfied by the issue of certificates on bullion of a stated fineness, when such bullion is deposited at the mint?

Mr. STARK. Abundantly satisfied; yes, sir.

Mr. CARTER. Then you would require the Secretary of the Treasury

to cause to be coined from that bullion such coins as the country demanded from time to time and no more?

Mr. STARK. Exactly.

Mr. CARTER. To supply the demand?

Mr. STARK. Yes, to supply the demand. Just on the same principle as subsidiary coinage is coined now.

MEMBER. Your principle is that the Secretary could not refuse to coin just as much money as the people would take.

Mr. STARK. I would have certificates in dollars and have them payable in dollars.

MEMBER. Not in bullion?

Mr. STARK. No, sir. Gold is the same as coin. Now no one objects to taking gold.

MEMBER. You would give the receiver the power to elect which he would take, either bullion or coin?

Mr. STARK. The purpose of the Mint should be to supply the convenience of people using money.

MEMBER. Why would it not be the proper thing to urge that a person depositing bullion be allowed to receive either coin or the certificates?

Mr. STARK. Yes, that is right.

MEMBER. Mr. Stark, you are a lawyer. Have you given any consideration to the bill presented by the Secretary from a legal point of view, involving the question of the constitutional right of the Government to become the center of a commercial trust?

Mr. STARK. I confess that the whole business is repugnant to my general ideas of the functions of government and the powers of the treasury and the mint.

The CHAIRMAN. Mr. Stark, I know the committee appreciate your remarks and are very grateful for them, but there are times when we must adjourn, and this is the hour. You have the thanks of the whole committee.

FEBRUARY 4, 1890.

The committee met pursuant to adjournment, Mr. Wickham in the chair.

The CHAIRMAN. Mr. Stark, do you desire to be heard further?

Mr. STARK. I would like to present one simple point.

STATEMENT OF MR. E. D. STARK—Continued.

Mr. E. D. STARK then addressed the committee as follows:

Mr. Chairman and gentlemen of the committee, one beautiful characteristic of a true proposition is that you may approach it from any side by any method and it will appear sound; its integrity will be complete. I want this morning to arrive substantially at the same conclusion I did yesterday by a little different route.

Mr. WALKER. I want to ask you a few questions, but as you may possibly answer them in what you have to say perhaps I had better wait until you get through.

Mr. STARK. I will be quite brief in this matter.

I assumed yesterday that a silver dollar was a true dollar in legal [illegible], in all the traditions and usages of the past, and inferred and [illegible] it would remain for the future a fixed thing as a monetary

definition. It has always been so. It was the same before we adopted it substantially in the usage of the country. It was the definition to which our gold coin has attempted to become adjusted in respect to commercial equivalence, no change having been made in it; but at two different times change was made in our gold dollar with the idea of adjusting it. So that you may say the gold dollar is a derivative dollar, and all the adjustment, conscious and unconscious, of the whole people have been to the silver definition. Now, I submit this proposition, that having always been a dollar, 412½ grains of standard silver being a potential dollar, that always having the theoretical and legal right to take that and have it certified by the proper authority as to the weight and fineness, and so made an authentic, certified dollar, what right, I ask now, in the name of the morality that binds States as well as individuals, what right have I, or any man, to be deprived of that privilege, having adjusted by immemorial usage all my thinking and my business to them, what right has anybody to take away that definition from me?

You say it does not make any difference; its value is the world's meaning of a dollar. It does make a difference in the ethics of legislation, and all wise governments are justly jealous of those changes as being in violation of natural right. So we have always had for our base, even during that adjustment of gold which did not happen to correspond with European nations, yet our 412½ grains of standard silver remained a legal, potential dollar, though not in actual usage during that period when our gold was valued higher than the European ratio. Of course we were off our base during the greenback period—a legislative monetary condition which had full justification in a forum where patriotic devotion to the national safety overrules all other considerations.

However, there is no need of discussing that.

But now we want to get back to our basis, to our elementary definition, and this is the way it hurts me, I may say, or anybody.

Here is a coin which by legal definition and universal intendment is a dollar. What right has anybody to manipulate that in such a way as to impose upon it 33⅓ per cent. of value above where it would go under free and unconstrained conditions.

Our opponents talk about fiat—denounce fiat.

I join them in the denunciation and say it is an oppressive, an iniquitous, and unjust employment of the fiat power of our country to impose a legislative and artificial value upon that coin above the fair commercial value of the 412½ grains which goes to its making. That excessive value is oppressive. Where does that come from? It comes from somewhere. It is taken off from the price of every article of goods that is measured by it. Is it not? With wheat in Chicago at 80 cents a bushel, and if that dollar is worth, as we say in our ordinary commercial terminology, only 80 cents, "intrinsically," with that artificial mint restriction taken off wheat would be a dollar, would it not? That is to say, that coin is foisted up one-third above its actual value and has taken on an oppressive purchasing power. Let us say that a dollar now being the equivalent of five pecks of wheat in the Chicago market, under the open and free coinage if you give to the people that which belongs to them naturally it would take less than four pecks of wheat to buy it; and I say if the automatic adjustment would bring wheat to such a relation to the dollar as that three pecks of wheat would buy it, that adjustment would be beneficent, encouraging, and give health and cheer to the most important industry of our whole country. It

would apply exactly the same to cotton and all of the food and fabric staples.

I submit that it is an invasion of natural right for Congress to deny me the privilege of coining my metal into standard dollars myself, and then restrict the mint privileges in such a way as to foist that dollar up one-third above its normal actual "intrinsic" value. I say value boldly and clearly, because value *is* purchasing power, exactly that, and anybody who talks about value in any other sense is talking loosely and does not know the meaning of the word. For while the word "value" may have properly other meanings, it has no other meaning in this discussion, and of course a man who does not know any other way to estimate the value of money except in cents, why he is bounded and circumscribed in a little petty circle of money terms, and does not take that broad view of the relations of money to goods which gives this whole question weight and importance to any careful thinker. That is all the point I desire to present at this time, if I have made myself understood upon it.

Mr. TRACEY. I was not in here when you commenced, but I judge from what you say that you do not favor the standard dollar?

Mr. STARK. You entirely misunderstand me—very much misunderstand me.

Mr. TRACEY. It seems to me that your last expressions condemn the forcing of the silver dollar to purchase a dollar's worth of goods, not having a sufficient quantity of silver in it——

Mr. STARK. You entirely misapprehend my idea.

The CHAIRMAN. I got about the same impression.

Mr. TRACEY. I was anxious to hear your views upon that, and spoke of it yesterday to Mr. Bartine.

The CHAIRMAN. I got an impression from what you were saying that the other 20 cents in the dollar has a fiat value.

Mr. STARK. Precisely; but if you should open the mint to this free coinage that will take the fiat value off.

The CHAIRMAN. How will it do that?

Mr. STARK. Now will not this very 412½ grains be a dollar on presentation at the mints? And being that will it not be at exactly a commercial equivalence with it?

The CHAIRMAN. It is so now.

Mr. STARK. No; I can not take the 412½ grains to the mint and demand coin for it.

The CHAIRMAN. You may to a limited extent?

Mr. STARK. Not to any extent.

The CHAIRMAN. You can not go with it——

Mr. STARK. No, sir; but anybody can go there with it, and the mint buys some of it at the lowest market price, and coins it into a token dollar, you may say, in a certain sense.

The CHAIRMAN. And stamps it a dollar when it is not worth a dollar?

Mr. STARK. Not so; but when by restricted coinage you cause a "dollar" to become so much more valuable. I thought I made that plain yesterday.

Mr. WALKER. Mr. Stark's position, if I understand him, is that the demonetization of the silver has changed the dollar by enhancing it one-third—that you have made it a third more valuable—that is to say with the demonetization of silver.

Mr. STARK. You must not hold me, as a matter of fact, to precisely that quantity relation. I assumed that for the purpose of illustration

and logic. In assuming that, of course I assumed that that enhancement is by legislative action, and that repealing the law of 1873 would be, in effect, bringing the value of gold down to exactly (I speak of value, I do not talk of prices here) where the value of silver now is.

Mr. MUTCHLER. Right there. Is there such a thing as bringing down the value of gold, or raising the value of gold?

Mr. STARK. Oh, undoubtedly and practically.

Mr. MUTCHLER. What do you measure it with?

Mr. STARK. Goods.

Mr. MUTCHLER. Do you not measure the goods by the gold? Is not gold the standard? Do you not measure all the commodities up to and right from that gold?

Mr. STARK. Do you therefore say that, adopting that as the "standard," you guarantee it against fluctuations in purchasing power?

Mr. MUTCHLER. Can there be such a thing as fluctuation in the value of a gold dollar?

Mr. STARK. In what?

Mr. MUTCHLER. In anything.

Mr. STARK. There can not be any fluctuation in its weight, fineness, and "thingness," if I may use a burlesque expression.

Mr. MUTCHLER. Is not the standard of exchange the gold dollar? Do you not measure the value of all other products up to and back from that standard?

Mr. STARK. We do to-day.

Mr. MUTCHLER. You measure silver in the same way?

Mr. STARK. Yes, sir.

Mr. MUTCHLER. If you were to go on coining silver dollars, would not that part of the silver dollar which is less in value than the gold be fiat money?

Mr. STARK. I see I have not made myself understood, and I will——

Mr. MUTCHLER. Now, I will be obliged if you will answer this question, according to the view that the gold dollar is the standard which measures the value of all other commodities—silver is a commodity—the proposition to take a given amount of silver and stamp it with the stamp of the mint and call it a dollar, and the actual value of the silver in the commodity of that dollar is 80 cents——

Mr. STARK. Eighty gold cents.

Mr. MUTCHLER. Of course, measured by my standard; say it is 80 cents. Now, is not the other 20 cents in that silver dollar fiat money?

Mr. STARK. It is not fair in arguing a question or proposition to change a public policy to back yourself up by things as they are. That is exactly what we attack. We say that gold also, by this policy of limitation, has been foisted up 33⅓ per cent. above its normal value.

Mr. MUTCHLER. In relation to what?

Mr. STARK. Goods; the only possible——

Mr. MUTCHLER. Wheat, corn, labor?

Mr. STARK. Wheat, corn, potatoes, cotton.

Mr. MUTCHLER. But wheat, corn, and labor do not remain stationary.

Mr. STARK. Nothing remains stationary in value.

Mr. MUTCHLER. Wheat has been going down; labor has not.

Mr. STARK. Exactly.

Mr. MUTCHLER. You can not measure wages by a wheat standard, because they are far apart. You can not measure the value of this by your wheat and labor, and you can not measure the value of your labor and wheat by this standard.

Mr. STARK. The difficulty right here lies in the misapprehension of the nature of value, as something which can never be fixed——

Mr. MUTCHLER. You do not mean to say the valuation of the gold dollar can not be fixed, do you?

Mr. STARK. Why, I say most emphatically, it is all fustian and stuff to talk about fixing the value of a dollar.

Mr. MUTCHLER. I claim the value of the gold dollar is the standard and is always the same.

Mr. STARK. The same in what respect?

Mr. MUTCHLER. With other commodities, the value of which we estimate and regulate by the gold dollar may be changed, but the gold dollar itself does not change.

Mr. STARK. In what respect is it unchangeable?

Mr. MUTCHLER. I might as well say a yard-stick to-day is three feet long and to-morrow it is only two and a half feet, yet it is always the same length.

Mr. STARK. Then you say these nations for instance, who use the silver rupee as their standard, which follows the variations of silver bullion, you say that adopting that standard you affirm that that standard never changes, but only the value of gold and other things change. Is that right?

Mr. MUTCHLER. Yes, I believe so.

Mr. STARK. Then we are confronted with this dilemma: There are a number of standards in different parts of the world which, while they were near together twenty years ago, to the same commercial equivalence, have to-day drifted apart. Each one has changed; but it is the "to'ther" fellows who have changed; of course they have. Now, say you are 10 feet from me. Somebody comes in the door and says that we are 10 feet apart; but in a few minutes some other fellow comes in and says we are 5 feet apart. If I am extremely egotistical, I would say: "Pshaw, he has been changing *his* distance, not I." If the other fellow is an egotist, he will say: "The other fellow's distance has changed." By common consent the distance between us is changed; it does not matter which one has moved. Value is purely a swapping rate. That is all it is. I say, with the confidence of a man who knows what an intelligent conviction is, that a man who is off on that elementary definition is at variance with every great economic writer in the English language and has a fatal defect which disqualifies him from proper thinking on this subject; for it brings him right to the point of saying the Indian standard of silver has not changed, but gold and other things have changed.

The East Indian says it is not silver, but it is gold that has changed, because silver is our "standard." We say that this discussion must rise above that contention between these two persons, and say that the relation between these two "standards" has changed, and we are asking where does that change hurt? What is the proper public policy here with respect to that change? Why, we say it hurts prices here. It does not hurt prices in India. There is a perfect concensus of opinion and testimony on that point. Anybody who reads the current literature understands that perfectly well. I know very well, and I submit my friend here is one of those who insist that it is not competent to measure the value of the money unit by reference to goods, that there is some other standard by which you can compute the value of a dollar as "standard of value" than by purchasing power.

Mr. WALKER. I would like to ask you a few questions. You must aware you have covered some points several times already.

Mr. STARK. Yes, sir; and I find I have not made myself understood either.

Mr. WALKER. If you will excuse me and lay aside all theories and just answer as to the facts without explanations, I would be obliged, because the explanations you have already made will cover any answers you may make, and after I get through if you want to explain, you can do so. I understood you to say the other day, if I understood you correctly, that value is simply a relation in exchange.

Mr. STARK. Correct.

Mr. WALKER. Secondly, you say that having our present standard, without any reference to what it is, that prices have gone off on a general average about one-third, and there is no exchange now being made on the plane of justice as between one product and another upon this lower scale of prices. I am talking now about products, not prices. You say that the general average on products have gone off about one-third; that is, they are being exchanged equitably on a lower plane. What is your answer to that?

Mr. STARK. I have not made any such statement as that.

Mr. WALKER. You said in your remarks that value is simply a relation in exchange.

Mr. STARK. Yes, sir.

Mr. WALKER. And then you went on to say in answer to questions I asked, and of your own statement, that prohibiting the coinage of silver had appreciated gold, so that all the products are being exchanged at a lower level of prices.

Mr. STARK. Exchange with money, as between products and money, is my contention.

Mr. WALKER. There is no dispute about that, because you know they are not exchanged for money at all. They are exchanged for each other in the way all exchanges are made, in dollars nominally, but really they are made for each other.

Mr. STARK. They are made in dollars' worth.

Mr. WALKER. Of each production?

Mr. STARK. Yes, sir.

Mr. WALKER. For each other?

Mr. STARK. They are in dollar's worth—for a dollar.

Mr. WALKER. They each exchange for the other.

Mr. STARK. Yes; that is the point to which all my argument has been addressed. The first step in that process is conversion into dollars' worth.

Mr. WALKER. Do not now argue it over again, if you will excuse me. I want to get right at that point. I understood you to say the other day that the prices had receded because of the demonetization of silver.

Mr. STARK. Yes, sir; substantially that.

Mr. WALKER. The depreciation for the general range year by year, say covering a period of five years, had depreciated about the same proportion?

Mr. STARK. Substantially so, but——

Mr. WALKER. I agree with you perfectly on that. Secondly, you have said we have not money enough—that is, real money. How much ought we to have?

Mr. STARK. I say that is just the same question exactly as to ask how much wheat we should have—all that the industries of the world spontaneously will give us. That is what we ought to have.

Mr. WALKER. Is there any criterion by which to judge how much *we need to coin?* Is there any way of determining what is enough?

Mr. STARK. There can never be enough within the laws of human conduct; I mean of primary money.

Mr. WALKER. Your point is that prices will rise in proportion to the money in existence; that is to say, if there is a million the prices will all be made by that million of coin; and if there is a hundred millions the prices will be made with reference to that hundred millions of coin?

Mr. STARK. Substantially; but we might have a good many——

Mr. WALKER. I only want to know whether this is so or not.

Mr. STARK. Yes, sir; that is substantially so.

Mr. WALKER. Then if the prices of products be made by that million, if we have a hundred millions the prices will be a hundred times as high?

Mr. STARK. Substantially that.

Mr. WALKER. Now, I want to ask you again: How much do we need per capita as compared with India and Europe?

Mr. STARK. I do not pretend to affirm; I do not think any man can who limits himself to a precise and careful——

Mr. WALKER. I do no want a careful or precise answer; I want about a general idea of what is the proportion. Is there any fact which would indicate how much more we need as compared with India and Europe?

Mr. STARK. I believe we do not need so much as is needed in Europe per capita, for our modes of doing business are somewhat different. I mean not so much to do the same amount of business.

Mr. WALKER. That is the reason you give?

Mr. STARK. Yes, sir.

Mr. WALKER. Are you able to stand by that?

Mr. STARK. Yes, sir.

Mr. WALKER. Do you not know, as a matter of fact, that the habit of hoarding which was established in Europe in the end of the last century has proven to be one of the modes, and that there is needed for the habits and ideas of the people there far more coin per capita than is needed in a country where the habit of hoarding does not exist?

Mr. STARK. I would say so with a qualification. I do not know how much that may be.

Mr. WALKER. Now I want to ask you whether the commercial demand for coin has lessened in proportion to the business in the last fifty years. Assuming that a certain per centage was needed fifty years ago for all the business done—take foreign commerce, that is a better criterion—assuming that a certain per centage of foreign business was done fifty years ago, what is the percentage for every $1,000 worth of business done now as compared with that time?

Mr. STARK. I suppose a given volume of coin will to-day advantageously accomplish more business, supplemented by paper and other contrivances, than it would fifty years ago.

Mr. WALKER. How much more—how many times has been the increase in efficiency?

Mr. STARK. I would not be willing to dispute upon it, but I should think three or four times.

Mr. WALKER. Excuse me. The old-fashioned way of trading with the Indies was to take a cargo, the cheapest you could buy to advantage, sometimes a full cargo and sometimes less, and then taking gold and silver to the amount of the difference between the purchasing power of whatever the goods that were taken out were, in order to buy a r[illegible]cargo. You know the old custom of sending supercargoes?

[illegible]. Yes, sir.

[illegible]. Now, you must readily understand it takes an immense [illegible] to do that business as compared with the amount of coin

it takes for doing business to-day, when, instead of taking that coin we have a bill of exchange, or current money, or anything else. Now we can telegraph to Canton and so much gold is put to the credit of the house, and so forth, and so on. Business has been facilitated by the telegraph, the railroads, and telephones. Exchanges are settled by taking drafts, etc., through the medium of the banks. It has increased immensely.

Mr. STARK. It has greatly increased. But just on that point, if you will permit me. With all that increased efficiency of coined money, all these various appliances have not availed in the last fifteen years to keep prices up.

Mr. WALKER. You will excuse me at this point, because you have said that a hundred times or possibly two hundred times.

Mr. STARK. I am afraid I would not be understood if I said it two hundred times more.

Mr. WALKER. There is a difference between understanding and believing.

Mr. STARK. Yes, sir; I understand that.

Mr. WALKER. I would like to ask just this question: What makes you think, when the efficacy of a day's work with all the modern appliances has doubled—I think it is a great deal more than that in fifty years—and prices have receded about one-third, and when you count the residuum for labor, that the prices did not recede one-third on that account? Why does not that account for the receding of prices?

Mr. STARK. That is not a fair statement of the situation.

Mr. WALKER. That is all I want on that point. Now, have you any idea how many years it takes for a volume of property in any county equal to the valuation of the whole county to go through the probate or insolvency courts of the county?

Mr. STARK. I do not think I could tell you.

Mr. WALKER. Could you guess about it?

Mr. STARK. If you mean by going through the probate court——

Mr. WALKER. I mean going through the court by assignees, administration, etc.

Mr. STARK. Then you do not include inheritance, etc.?

Mr. WALKER. Of course I do.

Mr. STARK. The probate court does not administer on land.

Mr. WALKER. Suppose this probate court administrates on all these estates.

Mr. STARK. It must be, in a broad way, something less than the average life of a man.

Mr. WALKER. Would it not be less than half? I do not think it would. Now, it is said (I speak from authority, but I have not it here, and, therefore, I shall be careful when I say it, not having a copy of the authority under my hand) it is once in twenty years or less. That is probably true. Now, do you know the length of a business life—not the length of a man's life, but the length of a business life—taking everybody, farmers, store-keepers, merchants, everybody else, the whole thing.

Mr. STARK. Starting at the time when he becomes twenty-one years of age?

Mr. WALKER. Not starting at anything, but starting when he begins to trade and do business, when he ceases to work for wages.

Mr. STARK. I would not undertake to state a broad average. It would be but a mere guess for me to average that.

Mr. WALKER. Suppose I say one-half went out of business in five years; that three-fifths went out of business in ten years, and four-fifths in fifteen years.

Mr. STARK. I should say it was an exaggeration if you include farmers.

Mr. WALKER. Leave out the farmers.

Mr. STARK. If you refer to mercantile, I should say I believe it is so.

Mr. WALKER. Now you do not deny at all but that wages have gone up, and taking the whole range through are nearly double what they were fifteen years ago?

Mr. STARK. I think that is especially so in those vocations where men can combine and enforce or constrain wages. Those who remain in employment—they are only a part of those who are willing to work during hard times—resist any cutting down of their wages.

Mr. WALKER. Take farm wages. Fifty years ago you could hire a man for $10 a month and board It costs $20 now.

Mr. STARK. No, sir; I guess not. That is not the experience in Ohio where I live, and we have a great agricultural State. I know men who are employed at $10 a month the year round.

Mr. WICKHAM. The average is not $20 in Ohio.

Mr. STARK. I know common workmen working for $10 and board a month the year round in Ohio.

Mr. WALKER. One question further, because I am getting to the end. Let us get at the farm labor. Now what is it where they work by the day?

Mr. STARK. There is more change there in farm labor.

Mr. WALKER. They got about double, and now they get money to buy where they choose, when they used to get payment in farm products.

Mr. STARK. Yes, sir; more particularly in the West.

Mr. WALKER. Is it not a fact that this thing grows so rapidly that everybody should have land he needs cheap—just as cheap as it can be. That is to say, is not it an immense advantage to this country to have free land where a man can go and take it up?

Mr. STARK. Not so great as to have cheap money.

Mr. WALKER. I am not talking about cheap money now. If you will answer me——

Mr. STARK. I will be misunderstood unless this contention is confined to goods on the one hand and money on the other. That is the only thing I am discussing. "Cheap" means price in your sense; cheap products mean high purchasing power of money.

Mr. WALKER. I am not talking about money.

Mr. STARK. How do you measure it? Cheap generally means by reference to money.

Mr. WALKER. I am not talking of that now. Is it not a fact—here is a farmer with five or six sons who can not all take his farm; only two or three probably can. Whatever they pay for land they have got to work for it. Now is not that work done with their own brawn and sinew, taken out of their blood? They have got to take it out of their wives and children. And is it not a fact that it is better that a man should earn a farm for a thousand days' work rather than for two thousand days' work?

Mr. STARK. That is good.

Mr. WALKER. You have not any doubt about that?

Mr. STARK. That is good, provided it does not fall in price afterward.

Mr. WALKER. I do not exactly understand that. Have you any doubt this is best for the country?

Mr. STARK. Yes, sir; in a general way.

Mr. WALKER. Have you any doubt of it without any limitation?

Mr. STARK. There may be situations that might change it very materially. Not what it *is*, but what is it *becoming* worth, is the question.

Mr. WALKER. I know that. But if you will excuse me, have you any doubt but it is best for this country, considering how short men's lives are—their working, business lives—is it not to the interests of the country that any farm should be purchased with a thousand days' work rather than two thousand days' work?

Mr. STARK. If you want a precise answer to that——

Mr. WALKER. I do not want it precise at all. There is nothing that comes down so fundamental as a day's work, and when you are talking about a day's work you have got down under all questions of money, and under all questions except questions that concern man and man. Now my question is this: Is it not best for this country that a man's farm should be purchased for one thousand days' work rather than two thousand days' work?

Mr. STARK. Yes, sir; If a man will sell his farm for a thousand days' work it is all right, but it is not——

Mr. WALKER. I am talking now, mind, not having any regard to money and values, except the unit of a day's work. Have you any doubt whatever that it is best for the country that a farm shall be purchased for a thousand days' work than two thousand days' work?

Mr. STARK. No, sir; but more important than all is that it should rise in value afterwards.

Mr. WALKER. Is it not a fact, then, that if this farm was mortgaged and the man must pay it, is it not better that he should pay that farm mortgage off in a hundred days' work rather than two hundred days' work?

Mr. STARK. Better for him, certainly, in any condition between him and his creditors. The indirectness or impertinence, I might say, of these questions is this: A day's labor is no unit by which we can measure. My day's labor and your day's labor is one thing, and the day's labor of another man is a very different thing, and we are all occupied in useful vocations, I trust. We can never come to any agreement or universal rule by assuming as a guide a day's work as an economic unit. It is not good for anything, because one person is twice as productive as another—ten times more productive—a hundred times more productive. One man's labor is worth twenty times as much as another man's labor. It is not the proper thing to guide us in our study of value-change.

Mr. TRACY. What is the proper thing?

Mr. STARK. The product; the things that we deal in.

Mr. TRACY. Does not the product result from labor?

Mr. STARK. Certainly, when the labor becomes embodied in the production then you have got something in regard to which you can state. A bushel of wheat is the same thing to-day that it was fifty years ago. There is no change in it. The hours of labor are a different thing.

Mr. WALKER. Do you take any cognizance of supply and demand?

Mr. STARK. Yes, sir; I believe they are a great force controlling all these things.

Mr. WALKER. And that the overproducing of the supply would cheapen it?

Mr. STARK. That is one of the forces.

Mr. WALKER. Is it not all the force? There are a thousand things that enter into the cheapening of it.

Mr. STARK. Cheap by reference to what? That word "cheap" does not mean anything unless you tell me in what.

Mr. WALKER. Have you any doubt at all that the prices of land all through the East have been reduced very materially by the cheapness of transportation and free land in the West? Have you any doubt on that point?

Mr. STARK. I do not doubt but that that is one of the forces.

Mr. WALKER. I suppose you are aware that a barrel of flour can be taken from Chicago to Boston cheaper than it could be taken in a wagon and delivered?

Mr. STARK. Yes, sir.

Mr. WALKER. Have you any doubt that the cheapening of land in New England has reduced its price as farming land to a tremendous extent?

Mr. STARK. That is undoubtedly one force.

Mr. MUTCHLER. In your answer to Mr. Walker you use the term "cheap money." Please tell us what you mean by cheap money.

Mr. STARK. With reference to goods. For instance, a dollar that can be bought, if I may use that term in a little inverse sense, that may be bought by 3 pecks of wheat is a cheaper dollar than the one which takes 5 pecks of wheat to buy. It is cheaper with respect to wheat. Now, if that same change which I supposed takes place in relations to money and wheat may be assumed to take place with all commodities, then I should say broadly and generally that a dollar had become by that change a cheaper dollar.

Mr. MUTCHLER. The overproduction as a rule, of course, cheapens an article. We have had an immense crop of wheat now, and the probability is that because we have had an immense crop of wheat it will be cheap.

Mr. STARK. That is true, and true as to other things.

Mr. MUTCHLER. Now, suppose we had an immense crop of silver dollars by opening our mints to free coinage.

Mr. STARK. The same will apply there. This exactly applies with reference to that.

Mr. MUTCHLER. Opening the mints to the coinage of the silver dollar can not but be an advantage to the debtor class.

Mr. STARK. In a measure——

Mr. MUTCHLER. And a great disadvantage to the creditor class.

Mr. STARK. That is not so plain. I maintain that a widow who has $1,000 deposited in a savings bank, whose interest is her only support—say she gets 4 per cent. interest from the savings bank. If she pays taxes she pays 2½ per cent., which leaves her 1½ per cent. to live on. Assuming a public policy which would lessen the value of our dollars one-fourth; suppose, for the purpose of illustrating the principle, that I assume the interest rate which that bank would pay, as it was fifteen years ago, to be 6 per cent., and the fixed charges would not materially change, she would have a net income which would be more beneficial to her as a source of support, even if the purchasing power of every one of our dollars had gone down one-half, because she would have 3½ per cent. income instead of 1½, net.

Mr. MUTCHLER. A Western farmer has a mortgage of $5,000 upon his farm. Now he sells his wheat at 80 cents a bushel. We open the mints to free coinage, and then you say money becomes cheap. Money becoming cheap, he sells his wheat for $1.25 a bushel and pays his creditors i[illegible] dollars, which would be the difference between 80 cents and [illegible] nts and what his creditor takes for the mortgage.

Mr. STARK. Of what?

Mr. MUTCHLER. Of the actual value of the mortgage before you open your mints.

Mr. STARK. Did the mortgagor ever promise any value whatever? He promised to pay dollars. Where the value of these dollars should go ought to be determined by reference to the past and the prospective stability of the future.

The CHAIRMAN. You do not apply this expressly to creditors and debtors?

Mr. STARK. It applies to everbody.

The CHAIRMAN. I understand that the complaint is that the thing now is hard upon the debtor.

Mr. STARK. It is not a question whether it is hard upon the creditor or debtor. I am not going to argue this question in the interests of the creditor or debtor. Of course, it has a special bearing on this for the time being; but my argument is upon a broad, beneficent public policy, in aiding the business of our country by a dollar which shall, instead of being continually appreciating, keep prices firm and healthy.

Mr. WILLIAMS. Do you know how much silver was in circulation in 1873, when it was demonetized in the United States?

Mr. STARK. There had been nearly three millions coined within the three years preceding the act of demonetization; further than that coinage I do not know of any standard dollars. Of course, we had subsidiary coin, but I do not know how much of these silver dollars remained here. I never saw any of them but such as are kept as keepsakes.

Mr. WALKER. Do you know, or do you not know, that wages are the very last thing to go up, as they are, of course, the last to go down in any change of value?

Mr. STARK. Yes; particularly the wages where the people can not combine. In those industries where they can not hold together and resist.

Mr. WALKER. Now, you see your theory has blinded you to my question. I ask the question in another form: Do you not know that wages, when you depreciate the currency or put anything into the currency to send prices up, are the very last to go up?

Mr. STARK. This is what takes place. Idle hands are employed at the same rate for awhile. Then wages, if they are all employed, will begin to advance.

Mr. WALKER. Suppose we depreciated our currency 20 per cent., how long do you think it would take the wages of the country to adjust themselves to the depreciation and go up 20 per cent.?

Mr. STARK. I think it would certainly be no longer than the first wheat crop going into the market.

Mr. WALKER. I have some interesting facts upon that question. It would take on an average about eight years.

Mr. MUTCHLER. It is a fact, is it not, that the difference between the wages of the common laborer and the wages of the skilled laborer is very much greater than it was years ago?

Mr. STARK. I suppose so; yes.

Mr. MUTCHLER. That is a fact, I think, and it is my own observation, at any rate, at my home, that whereas twenty-five years ago or thirty years ago, the difference between the wages of the carpenter, stonemason, bricklayer, and that of the hod-carrier, the difference was not so great. Now the difference is very much greater. How do you account for that?

Mr. STARK. I suppose we might say it is in accordance with the fact that in skilled labor there has been a greater increase in efficiency. The progress in the arts and appliances of labor has been such that efficiency of that kind of labor has increased more than that——

Mr. WALKER. How about the reaper and mower and cultivator?

Mr. STARK. Yes.

Mr. MUTCHLER. Is it not probable that this is one reason: That the foreign labor coming into this country is not skilled labor, and that that kind of common labor is much more numerous; and is it not further a fact that as a rule skilled labor here discourages the importation of foreign skilled labor and also young men learning the trades—apprentices, etc.?

Mr. STARK. That is a restriction undoubtedly for some things. How much it is I can not say.

Mr. MUTCHLER. There is not much difference between the wages of unskilled labor to-day and that of 20 years ago.

Mr. MUTCHLER. So some skilled labor is fully double what it was then, if not more.

Mr. STARK. I should say so.

I wish to say by way of apology here that some questions have gone into departments where I make no pretension of being an expert at all, and I trust you will take my answers accordingly.

Inasmuch as I was restricted to almost a yes and no answer to some of these questions, I desire to add this: The inadequacy of treatment implied in Mr. Walker's questions lies in his purely static view of the market relations, and ignoring the dynamics of the subject. It is a great bounty, a magnificent gift of nature to us to have vast tracts of land obtainable at little cost to the settler; but it would be an unspeakable calamity to have that land, after it had been taken up, fall in value, no matter whether that value is estimated in dollars, days' labor, or bushels of grain.

It matters little at what level of valuation we start, what hurts is to have our property lower on our hands. If that lowering is caused by bad legislation, affecting disastrously all kinds of property, it is to be deplored and reprehended. Better for the private owner, for the community, and for the State that property should increase and its appraised value increase too, and increase no matter how fast, provided it can be brought about and maintained without any change in the *definition of our standard dollar.*

FEBRUARY 10, 1890.

STATEMENT OF HON. GEO. G. SYMES, OF COLORADO.

Mr. Chairman and gentlemen of the committee, the greatest embarrassment in discussing the silver question arises in not knowing what particular branch of the subject the committee most desired argument upon.

The subject is so extensive, and properly divided into so many branches, and there has been such a wilderness of literature issued upon it during the demonetization era, that it is impossible to briefly discuss many important topics.

I h[illegible]ught I had better attempt to answer the argument made by [illegible]y of the Treasury in his annual report against free coin*age* [illegible] increasing the coinage to $4,000,000 per month. And

also discuss the objections the silver men and bimetallists have to what is called the "Windom scheme;" that is, the bill which has been introduced providing for the issue of so-called Treasury notes, certificates, or warehouse receipts for silver bullion, and repealing the Bland act.

If the committee indulge me with any further time after presenting my objections to the Secretary's scheme, and answering his objections to free coinage, or increasing the coinage to $4,000,000 per month, I will endeavor to present as concisely as possible some reasons which in my judgment make it the best policy to restore true bi-metallism in this country by the free coinage of silver.

REVIEW OF THE REPORT OF THE SECRETARY OF THE TREASURY.

The points and arguments made in the report of the Secretary of the Treasury are in line with the report of the different Secretaries for the past twelve years. It repeats many of the prophecies that experience has proved false, and many statements not supported by the actual facts. It attacks silver coinage and presents a plausible and ingenious argument against the continued coinage of silver and especially the free coinage of silver. The Secretary shows in his report that he belongs to the gold-bug or monometallic party, like his predecessors. His pretense of presenting a scheme for utilizing silver with gold is the same plan, a little more elaborate and plausible, that has been advocated by the pronounced gold men during the past ten years.

The Secretary states that the continued coinage of silver is a disturbing element and hinderance to an international agreement; that it is an anomally and has proved futile in restoring the value of silver.

The Royal Commission unanimously find that it had stayed the depreciation of silver and steadied the price. It has been generally conceded in Europe for years that the repeal of the Bland act would depreciate silver to an extraordinary extent; that its passage had practically saved silver from general demonetization.

The Secretary says:

> There is only one dollar per capita of silver in circulation; that the Treasury Department has spared no efforts to put out the coined dollars; that they have been shipped upon demand, when called for, free of charge, etc.

This is the same misleading statement I have had occasion to dwell upon before. It conveys the idea, to the unthinking, that it was expected that the silver dollars should circulate in the form of coin instead of in the certificate form.

No intelligent person ever expected that many millions of silver dollars would circulate in the form of coin. For this reason the Bland act provided for issuing silver certificates.

Treasurer Jordan recommended that the issue of silver certificates should be suspended, and made the untruthful statement "that issued to aid the circulation of silver dollars they had practically become a hinderance to it." This would be an extraordinary statement for any one but an advocate of the gold-bugs to make. There are over 275 millions of silver certificates in circulation now, or more properly speaking, 275 millions of silver dollars in circulation in certificate form.

Gold does not circulate in the form of coin to any considerable extent. The paying tellers of banks are continually criticised by their customers whenever they hand gold over the counter; but no one stops to inquire in a package of bills whether they are gold or silver certificates, United

States, or national-bank notes. The Treasury should certainly spare this absurd effort to put silver dollars in circulation and issue only the certificates, except where the coin is specially requested.

The Secretary says: "Surely the stock of these dollars which can perform any useful function must soon be, if not already, reached and further coinage and storage a waste of the public money, etc." The Secretary's own report shows that there is 58 million more silver dollars in circulation in certificate form than there was one year ago; and it is common report that there has been a demand for many millions more than he could supply during the past few months. The Secretary admits the predictions of the wisest financiers (as he calls them), which means the monometallists, as to the amount of silver that could be kept in circulation on a par with gold, have proved erroneous; but nevertheless, he says, the danger is near at hand. This has been repeated by every Secretary for the past ten years. First it was claimed that not over $50,000,000 could be kept on a par with gold. The Secretary refers to the legislation of the demonetization era which, he admits, was a leading cause of the depreciation in silver. He states that for a period of one hundred and fifty years the ratio of 15½ silver to 1 of gold varied very slightly, and that during the period of the immense production of gold, from 1848 to 1868, reaching 2,757 millions of gold produced and only 813 millions of silver, the change of the ratio was only about one-sixth of one per cent. He does not however give the one absolute reason why there was no variation in the ratio or relative value of silver and gold during this period. It was for years disputed by monometallists that it was on account of the free coinage laws in the Latin Union and the United States; but that is no longer controverted and the Royal Commission, to which the Secretary refers, found this as a fact. That it should have been disputed and so much written to show that it was the increased production of silver and not the repeal of the free coinage laws, is surprising.

Mr. CARTER. At that point let me ask you a question. That large amount of gold product—is it not generally found in connection with silver ore, the result of the prosecution of silver mining?

Mr. SYMES. Yes, sir. The point made by the gentleman from Montana is a very pertinent one, and I have referred to it in other connections often. I might mention in that connection another bald assertion that went forth to Europe and all the world that aided materially in the demonetization of silver—namely, that from the Comstock mine hundreds of millions—yea, thousands of millions of silver was about to be thrown upon the world in this country and in Europe, and therefore it was necessary to demonetize it. And I shall have to admit, Mr. Chairman, that some of my friends and associates—as my business was largely in mine litigation throughout the Rocky Mountain country, that there were a great many mining experts who went to Europe to sell mines, holes in the ground, which fact was calculated to confirm in the minds of old conservative financiers that silver was just as plentiful as lead in this country, and therefore it ought to be demonetized. If I had been in their place I should have said nature has changed the whole money economy of the world and therefore it is necessary to demonetize silver to save us from a flood of inflation that would upset the business balance and conservative conduct of the industries and commercial progress of the world.

But, sir, when we come to investigate the facts of this celebrated Comstock mine that was to flood the whole world with thousands and millions of silver, and make it necessary to demonetize it to have any

value as money, we find in all the ore from the Comstock mine there was about 55 per cent. of silver and 45 per cent. of gold, and the mystery remains how a mine which produces approximately half silver and half gold was going to disturb the relative value of the precious metals throughout the world. Still it was harped upon as one of the arguments both in Europe and this country that the Comstock mine was going to do it.

Can it be doubtful that if France had demonetized gold in 1853, as several of her leading monometallists, including Michael Chevalier, urged, and other Governments had followed in their attempt to put Europe and the world upon a single silver standard during the immense output of gold, that it would have depreciated like silver did after 1873?

The Secretary contends that the act of 1873, demonetizing silver in the United States, had little or no effect upon the price of silver, because the United States at that time was on a paper basis. This is somewhat correct. It had no very immediate effect. The demonetized legislation in Europe depressed the price of silver from 1873 to 1877. But when the resumption act was passed in 1875, and Europe saw that the United States was proceeding to obtain a large quantity of gold to resume with, the act of 1873 had a very great influence in depreciating silver from that time. European economists concede this.

The Secretary says eight millions silver dollars coined before 1873 had passed out of circulation many years before. This is conceded. They were withdrawn from circulation and put into the melting-pot or exported to Europe because their bullion value was 3 per cent. more than their coinage value and 3 per cent. more than the coinage or bullion value of gold. The Comptroller of the Currency (Mr. Knox) and many other monometallists especially urged the demonetization of the silver dollar before 1873 because, as they said, it could not be kept in circulation for this reason.

The Secretary says the issue of India council bills greatly lessens the export of silver to India; that the annual shipments of silver to India for the last fourteen years has averaged $35,000,000 per annum; that it would be much larger if it were not for the sale of the India council bills, which are drafts for silver in India. This is probably true He does not suggest how it could be prevented.

The free coinage of silver in the United States would soon advance the bullion value of silver so that there would be little profit in the purchase of council bills, and on the Secretary's own theory cause much larger amounts of silver to be exported to India. There is free coinage in India, and also in Mexico and Japan. No silver ever returns from India. It is conceded that most of the twenty-five millions of Mexican dollars coined annually in Mexico are exported to Asia; that they are coined mostly for the purpose of putting them into a convenient bullion shape for export. So that free coinage in the United States would not stop the export to India from this country, Japan or China, Europe or Mexico.

The Secretary says the product of silver has increased about 50 per cent. during the past ten years, and that is urged as an argument against bimetallism by free coinage.

It is now conceded the amount of gold available for coinage has decreased more than silver has increased. Dr. Soetbeer estimated the available supply of gold for coinage from 1871 to 1880 at $50,000,000 per annum and since 1881 at only $20,000,000, a falling off of over $30,000,000 per annum. It is shown by the best authorities in Europe and this country that the annual product of the gold mines the past

five years is entirely consumed in the arts and manufactures, lost by abrasion, recoinage, accident, and by export to the East, leaving absolutely no gold from the current supply of the mines for coinage. If real bimetallism is established by free coinage, the important question of keeping up a steady standard of circulating medium will be what amount of both silver and gold is annually available for coinage; and it can be demonstrated that the increase of silver available for coinage does not exceed the decrease in gold.

The Secretary says:

Our bank currency is based upon United States bonds, the principal and interest of which are payable in gold.

We supposed the time had passed when high United States officials would continue to make this reckless and untruthful statement.

The statement was made by the preceding administration and was so much criticised throughout the country that we did not suppose it would be repeated. It was attributed to ignorance or inadvertence on the part of those making it. There is not an act of Congress that requires any United States bond or any United States indebtedness of any kind or character to be paid in gold coin.

The statutes provide that they shall be paid in gold or silver coin. The course of reasoning by which the gold bugs or their advocates attempt to impose this obligation upon the United States is not treated seriously by able lawyers and would not be by the courts.

President Cleveland talked about the gold obligations of the United States, and the phrase has been ridiculed ever since, because no such thing existed.

We agree with the Secretary that it is an anomaly for the Government to purchase bullion and coin dollars and put them in circulation, and that it is to be regretted that the bullion value is not equal to the nominal or coin value. But the monometallists are responsible for this most anomalous and accursed legislation. If Congress will pass the legislation requested by the bimetallists this anomalous condition of things will soon pass away.

The Secretary says: There are doubtless persons who would banish silver from circulation and rely entirely upon gold, while others would make silver the only standard and drive out the gold.

The latter statement has no foundation in fact. There are no silver monometallists in this country. There never have been any. The Secretary is right in saying that the overwhelming preponderance of public sentiment demands the use of both metals. They also demand that silver be placed on an equality with gold before the law, and then the evils complained of even by monometallists will pass away.

The Secretary asks in italics: "*How shall we use both metals?*" He states different solutions of the problem.

First. An international agreement.

Second. Continuing the coinage of $2,000,000 per month.

Third. Increase the coinage to $4,000,000 per month.

Fourth. Free coinage.

Fifth. Coinage of silver dollars containing a dollar's worth of bullion.

Sixth. The issue of certificates on bullion at its coinage value.

Seventh. The issue of Treasury notes on the deposits of bullion at market prices.

The Secretary specially urges the latter.

The first course is not especially recommended. We had supposed the time was past when it was contended that the money policy of

this country should be governed in the present and future by a prospective international agreement. While the monometallists have pretended that they desire this and have urged the remarkable anomaly of suspending the coinage to bring it about, their sincerity has always been doubted. It is about as practicable as suggesting an international agreement to arrange the tariff laws of different countries and that America should be governed by such agreement, and in the meantime repeal all tariff laws until an international schedule is made up.

An increase of coinage to $4,000,000 per month is very universally demanded. If free coinage was fixed for 1892, and $4,000,000 per month coined in the meantime, true bimetallism would be established in the near future.

We agree with the Secretary that the Government is pledged to make the silver dollars equal in value to the gold dollars. The history of the Constitution and the policy of the law-makers from the foundation of the Government, the general policy of our money economy, the just rights of both debtors and creditors, and the future prosperity of the country all demand this. The way to do it is simple and direct, that is, by the free and unlimited coinage of silver.

THE SECRETARY'S WAREHOUSE RECEIPT PLAN.

I am opposed to it, first, because it in effect repeals the Bland act and practically demonetizes silver; because it authorizes the Secretary of the Treasury, in his discretion, to suspend issuing the certificates or receipts whenever he thinks silver has reached an artificial value. He can get up a pretext or excuse to do so at any time. This extraordinary power should not be granted to the Secretary. Because it empowers the Secretary to redeem these certificates in gold. This makes silver a subsidiary currency, to be redeemed like any paper money. It practically repeals bimetallism.

The Bland act has been the one redeeming feature and shield which has prevented the absolute demonetization of silver in this and some other countries. It has kept up the price of silver to a certain extent, as found by the royal commission, and should never be repealed until free coinage takes its place.

I am opposed to limiting it to American silver. This again treats silver as a commodity needing protection. It deprives it of its character as a money metal. Whoever before heard of a country trying to keep out any of the money metal or coin it could obtain. But it is like the whole theory of this bill. It is a scheme in the interest of the gold bugs. It practically grants to the gold bugs all they have been asking and persistently fighting for for the past ten years, namely, the repeal of the Bland act and the suspension of coinage and the destruction of even limited bimetallism, and makes silver a subsidiary coin and currency by providing for its redemption in gold the same as paper money, instead of putting it upon an equality with gold and thereby establishing true bimetallism.

This bill gives the most extraordinary powers to the Secretary of the Treasury ever invested in any official. Any ring of money kings could buy up a large quantity of these warehouse receipts, and then proceed to *influence* the Secretary to redeem them in gold coin. The Secretary can suspend or resume the issue of these so-called Treasury notes at his pleasure to suit the behests of any "bull or bear" silver ring or corner, and thereby make or unmake millions for the bulls or bears, the shorts or the longs, as the case may be.

Mr. BARTINE. What do you mean by corners? Do you mean the people would hold the silver for a rise?

Mr. SYMES. I mean this by corners: That a big ring would form in New York and Chicago, like they do in wheat and in other articles, and they would buy up every dollar of silver bullion that the smelter would produce for a long time and hold it. There would be no silver in sight. They would even stop the importation of silver; and by getting up a corner they would advance the price of silver 10 cents an ounce in a short time, or 20 cents an ounce. Then, under the terms of the act which gives the Secretary discretion to suspend, if he does suspend down at once goes the price of silver.

Mr. WICKHAM. Do you think it would be a good thing to have a corner in silver?

Mr. SYMES. No, sir; I think it would be one of the worst things that could possibly happen. My fundamental objection to this bill, Mr. Chairman, is that it makes silver a commodity and practically demonetizes it.

It gives the Secretary the absolute control of the money policy of this country. It gives him the power, practically, to fix the price of silver in the commercial world. The silver-bullion rings of New York and London will be cabling to each other across the ocean as to when the Secretary is going to suspend receiving silver bullion; or, if he has "temporarly suspended," when he is going to resume receiving, and they will "buy or sell long or short" accordingly. It transforms the United States Treasury into a bullion broker's office, and the Secretary into a bullion broker and speculator. It gives him the power to effectually put this country on a mono-metallic basis. It stops the further coinage of legal-tender silver dollars, and does not provide for issuing any legal-tender silver certificates or money in their stead. It is questionable whether the two repealing clauses in the bill does not take away the legal-tender character of the silver dollars already coined. It gives the Secretary the power, at all events, to practically destroy their legal-tender character.

These Treasury notes are not money. They are not a legal tender in payment of debts. A debtor possessing them will conjecture whether he can obtain only silver bullion for them, with which he can not pay his debt, or whether he can in some way influence the Secretary to redeem them in gold coin. No form of currency is true money unless creditors are compelled to receive it in payment of debts, or it is exchangeable at pleasure for legal-tender money. Silver certificates and national-bank notes answer the full purpose of money only because, if a creditor refuses to accept them as a legal tender, the debtor can at pleasure exchange them for silver dollars or legal tender United States notes, and compel the creditor to accept them. It may be said these warehouse receipts are redeemable in silver dollars on demand, but this bill suspends the coinage of silver dollars, and under its policy their legal-tender character will be destroyed.

Have our bimetallists and silver men contemplated all the extraordinary results if this bill should pass? It would practically make the United States bonds and greenbacks redeemable and payable only in gold coin. I believe this is the real object of the originators of this scheme.

We can not doubt it when we read the statement of the Secretary in his report that the United States bonds are payable only in gold coin.

Mr. BLAND. If I may interrupt you, right here I would like to inquire into something I have not examined myself, as to whether the Secre-

tary takes any account of a hundred millions of gold not in circulation but held as a reserve for greenbacks and $100,000,000 of lawful money which is held for bank-notes—that is, $200,000,000—not in circulation.

Mr. SYMES. Yes, sir.

It will practically accomplish this and the demonetization of silver as effectually as the bill of 1873, pretending only to reorganize the mints, demonetized silver by dropping the silver dollar from the list of United States coins.

Mr. WALKER. What good would it do the people?

Mr. SYMES. Mr. Chairman, to my satisfaction I have on several occasions elaborately shown what good that would do the people. I can not persuade myself there is any doubt it would be a most beneficent act for the people of this country that Congress can pass. But if I should attempt to elaborate it here, it would take some time. I, however, would be glad to address the committee on this subject at any time.

Mr. BLAND. What good does money do the people anyway?

Mr. SYMES. Mr. Chairman, if the committee wants to hear me upon this subject——

Mr. WALKER. I withdraw the question.

I appeal to this committee and to Congress not to fall into this gold-bug dead-fall. Save us from a repetition of the demonetization fraud of 1873. Time will not permit one to present all the objectionable features of this scheme. It is without precedent, without directness or simplicity, and no person is wise enough to foretell all its evil results.

FREE COINAGE.

The Secretary opposes free coinage and repeats the usual assertions that have been made for years that the free coinage of silver will stop the coinage of gold and cause it to be hoarded up, sent abroad, put at a premium, and driven out of circulation, etc. We think these prophesies will prove false like all the false prophesies of the monometallists regarding the coinage of silver.

The free coinage of silver is the one thing that would make the bullion value of silver equal to its coinage value, and absolutely place it upon a par with gold. It is hard to see how a law that must necessarily have this result would put gold at a premium. Neither silver nor gold have ever been at a considerable premium one above the other in a country where the free coinage of both metals existed. I challenge contradiction of this statement.

The fears and predictions of the evils and financial disasters that were continually going to come upon France and other countries from 1851 to 1856, when the silver monometallists were insisting that silver would soon be at a premium, gold at a discount, and silver driven out of circulation, is now repeated by the single gold standard men. The same rule applies now.

They proved as erroneous then as they will prove erroneous now. The Royal Commission especially state, in reasoning upon this subject, that gold remained on a par with silver, at the same ratio, during the immense output from the California and Australia mines, and that free coinage was the cause of it.

The Secretary says: If we should coin 100,000,000 of silver dollars a year it would be five years before we could put enough in circulation to take the place of the gold that would be driven out. He ignores the fact I have referred to that it is the bimetallic countries which have had the *largest circulation* of silver during the past ten years that are

absorbing and attracting the scanty supply of gold in the commercial world.

The Latin Union has not the wealth, population, or 25 per cent. of the area of the United States, and it has to-day about $1,000,000,000 of gold, with $761,000,000 of silver in active circulation. The monometallic countries of Great Britain, the British colonies, the Scandinavian powers, and Portugal have only $717,000,000 of gold and $128,000,000 of silver, mostly in subsidiary coinage. France, with an area of about 200,000 square miles and a population of 35,000,000, has about $600,000,000 of silver in circulation. The United States covers an area of about 3,000,000 square miles, with 65,000,000 population, and has about $350,000,000 silver dollars in circulation. Still it is contended that the free coinage of silver, which, as shown, could not result in coining more than about $50,000,000 a year, is going to put gold at a premium and drive it out of circulation, when at the same time a free-coinage law would make the bullion value of silver equal to its coinage value and place it on a par with gold.

If $350,000,000, which is now eagerly sought for, circulates on a par with gold when the bullion value of silver dollars is 72 cents, it is hard to see why gold would go to a premium when the bullion value of these silver dollars becomes worth 100 cents and a few more millions coined.

These predictions of the monometallists are as mysterious as were their predictions with regard to the effect of the continued coinage of $2,000,000 per month, and they will prove as erroneous and untrue by actual experience.

Of course, there are many conditions of things both in Europe and America that might change, or have the effect of changing, the movements of the precious metals from one country to another. As I have stated on another occasion, great wars to maintain the so-called balance of power in Europe, a drought around the Baltic and throughout the wheat-growing regions of Europe, and famines in India and Asia, would cause large exports of our agricultural products and a large balance of trade in our favor, and draw more gold to our country. On the other hand, poor crops in our country, with peace, prosperity, and good crops in Europe; legislation and other causes which would depress our manufacturing interests, might turn the balance of trade for a time against us and cause a portion of our gold to leave.

We can not provide against such contingencies; but, if fortune should turn against us in these things, the greatest safeguard to our prosperity and the surest means we have in our power of providing against these unforseen contingencies, is to provide for the coinage of all the silver which our mines can produce. Then we would be certain to have a metallic currency, a measure of value, and at the same time an equivalent of value equal to gold to maintain our languishing industries, and provide a circulating medium for our people under the most adverse circumstances that the fortunes of the world can create against us. On the other hand, if we rely upon a single gold standard, and these unfortunate conditions arise and withdraw quite a portion of the gold from our country, as was the case before and during the war of the rebellion, we should have no resource left, and might return to fiat money again.

I have upon other occasions dwelt elaborately upon these subjects. I can only mention them here. Our only safeguard for the future prosperity and happiness of the people of this country is by free coinage of both metals, and a return to the money policy of the fathers of the Government and Constitution.

Nothing but depression, disturbance, and financial disasters have *resulted from the* demonetization policy.

Mr. WALKER. Will you tell in how many countries of Europe they have free coinage?

Mr. SYMES. I am not attempting——

Mr. WALKER. Is there one?

Mr. SYMES. Certainly not. I did not make any remark for the last five minutes that would make your question applicable. However, it is a pertinent question, and I should be very glad to answer my friend from Massachusetts about that.

Mr. BARTINE. I would like to ask you one question. In this investigation of the royal commission was it not a fact that England, having the gold standard, has lost more gold than any other country of Europe?

Mr. SYMES. It shows that they have been making a great effort to keep the gold. I was reading an article by an Englishman which says that they are all the time upon the brink of a panic. The history of Germany's endeavor to keep a portion of the thousand millions of gold she raised from her war indemnity is one unanswerable argument in favor of bimetallism. When we come to consider the question, it is one of the evidences which amount to a scientific demonstration that there is no danger of silver coming to this country from Europe, nor any danger from any further demonetization of silver in the commercial world.

The CHAIRMAN. Judge, the committee requires about ten minutes for the transaction of business coming up before the committee, and we have no permission to sit during the session of the House; so, on behalf of the committee, I will thank you for what you have said this morning.

Mr. BLAND. If the Chairman will excuse me I would like to have an answer to the inquiry I made a while ago.

Mr. SYMES. I can not give you the figures upon that this morning.

Mr. BLAND. The question I wanted to know about was this: In counting our money in circulation, gold, silver, and greenbacks, we must take into account a hundred millions of gold still in the Treasury, and not in circulation at all, as a redemption fund, and we must also take into account a hundred millions of lawful money held for bank notes.

Mr SYMES. Mr. Chairman, if you will pardon me for just two minutes I would like to read what I advocate as legislation at this time.

Mr. WILLIAMS. I would like to ask if the speaker could not be heard some other morning, so as to enable him to complete his argument.

Mr. SYMES. I have passed over just about two-thirds of my argument.

The CHAIRMAN. Would you like to have another hearing?

Mr. SYMES. I have no objection to speaking for half an hour longer, and I would like the committee to ask me some questions, as I think they ought to have that privilege.

Mr. WILCOX. Then the balance of your argument could be submitted in writing.

The CHAIRMAN. I would like to have the privilege of asking Judge Symes some questions myself.

Mr. BARTINE. I move that we meet to-morrow at 10.30 o'clock.

Mr. SYMES. Of course I do not insist upon that. I did not intend to appear before the committee when I came to Washington. It will be a great pleasure for me to appear before the committee and submit to any questions that they may desire to ask.

The CHAIRMAN. The committee are certainly very grateful to you.

Thereupon the committee adjourned until 10 o'clock a. m., Tuesday, February 11.

TUESDAY, *February* 11, 1890.

The committee met pursuant to adjournment, Mr. Conger in the chair.

STATEMENT OF JUDGE G. G. SYMES—Continued.

Mr. SYMES said:

Mr. Chairman and gentlemen of the committee: The Secretary states that since March, 1878, there has been no contraction, but on the contrary, a very large expansion of the currency. He presents tables and data to show this.

His tables show that there has been a net increase in the currency of about $600,000,000 since March 1, 1878, a net average increase of over $4,000,000 per month—a net increase of 74 per cent. during this time, while he says the population has increased only about 33 per cent.; that in 1878 the circulation was $16.50 per capita, and in 1889 it was $21.75.

This statement, and the tables and figures presented to support it, are misleading, not to say deceitful, in their application to the true state and condition of the circulating medium from 1878 to the present time. The Secretary's figures show that in 1878 there was about $800,000,000 of currency, both metallic and paper, in circulation in the United States, and that in 1889 there was about $1,400,000,000.

If we admit the latter figures to be correct, which we do not, it does not show a continued expansion of the currency from 1878 to the present time, and the tables he presents will prove this.

In 1878 we were on the eve of a return to specie payment, which took place the 1st of January, 1879, and our circulation was practically all paper money. Contraction of the currency and falling prices had continued for several years, until times were harder and money scarcer than at any time since the war. Many thought the return to specie payment would still further contract the currency. The holders of money were afraid the fiat money or greenback party might succeed in repealing the Resumption Act. No money was sent out for investment. Speculative investment and productive industries were at a standstill.

The per capita circulation in 1878, as the Secretary says, was $16.50. The resumption of specie payments 1st of January, 1879, immediately caused a large expansion of the currency. It added approximately within a short time $250,000,000 of gold to the circulation which had been before locked up as merchandise. Very large imports of gold from Europe took place during the next two or three years (some estimate over $200,000,000), and our mines produced over $30,000,000 per annum. One hundred million dollars of silver was coined under the Bland act by 1883. In 1883 the volume of currency, according to the Secretary's table, had increased to $1,235,000,000, a circulation of $23 per capita. So that during this period of expansion, from 1878 to 1883, the per capita circulation increased $6.50 per head. There was a total increase of $435,000,000 during this short period.

The Secretary states the per capita circulation to be $21.75 in 1889, which makes a contraction of $2.25 per head during the past six years. This is the result, taking as correct the Secretary's tables and figures. But we dispute them. We say it can be shown that he over-estimates the amou[illegible] in actual circulation in this country in 1889 at least *$100,00*[illegible] United States lost $50,000,000 by export of gold

during the fiscal year of 1889, as shown by the mint report. Not less than $50,000,000 has been carried out of the country during the past few years in the pockets of tourists and otherwise.

The most intelligent estimates show that there was not more than $1,300,000,000 of money in circulation on the first of 1890, or a per capita circulation of $20. It is fair to state that the contraction of the currency per capita from 1883 to the present time has been at least $3.

The Secretary's table makes the gold coin circulation approximately the same in 1888 that it was in 1889. Thirty-eight million dollars of national-bank currency was retired during the past year, so the Treasury has been able to keep probably upwards of $1,300,000,000 of money in circulation by increasing the outstanding Treasury notes about $20,000,000 and by increasing the outstanding silver certificates $58,000,000. The table shows there was $58,000,000 more silver certificates and $20,000,000 more legal-tender notes in circulation in 1889 than in 1888. These $58,000,000 of silver put in circulation in certificate form during the past year seem to contradict the statement that silver will not circulate.

The facts and figures, taken from the Secretary's own report, show that instead of an expansion there has been a large contraction of the currency during the past six years. They also show that no increase can be made in the circulation during the next year. The silver dollars in the Treasury are nearly all in circulation in certificate form, and the national-bank currency is being retired at the rate of about $3,000,000 per month, and little addition to the issue of United States Treasury notes can be made. There can be no increase in the volume of currency during the next year except by silver coinage. The New York Tribune admits that it will take over $45,000,000 increase in the volume of currency annually to keep pace with the growth of wealth and population. The Secretary presents no way to furnish this except by issuing warehouse receipts on bullion.

France has a circulation of over $50 per capita. Estimating the amount of money in actual circulation in France it is fully double to that in the United States per capita. I contend that the expanse of our country, the internal trade and commerce, the mode of life and habits and customs of our people, and the great and continued increase in the development of property demand a greater per capita circulation than any country in the world.

WILL FREE COINAGE MAKE THIS COUNTRY A DUMPING GROUND FOR FOREIGN SILVERS?

This is a prediction the monometallists may still contend for, because unlike most of their prophecies there has been no opportunity, by actual experience, to prove it erroneous. The mints of India, Mexico, and Japan have been open to free and unlimited coinage during the demonetization era. India imports largely of silver from this country and Mexico. Over $175,000,000 of silver has been imported into India during the past three years. A very small percentage of this consisted of European coin. It could be recoined in India at a much less percentage of loss than in the United States.

It has certainly been shown during the last few years that there is no surplus silver in Europe, and that they import largely from America to supply the Eastern demand and to keep up their present silver coinage. Europe coined in 1889 $20,000,000 of silver.

There was a period from 1873 to 1875 when it could be plausibly contended there was danger of a glut of foreign silver, if our mints had been opened to free coinage. There has been no danger since Germany learned such a dear lesson from her experience of passing from a gold to a silver standard. It is now stated by the leading money economists of Europe, or rather assumed, that Germany impoverished herself and greatly added to the wealth of France by her gold monometallic course. She had to resort to extraordinary means to prevent even a portion of the thousand millions of gold which she exacted from France as a war indemnity, and upon which she undertook to establish a monometallic gold standard and abolish her silver standard, from passing back to France. Germany could not succeed in establishing a monometallic standard. After all her efforts she now has over $200,000,000 of silver in active circulation and only $400,000,000 of gold in her country, $140,000,000 of which is in the Imperial Bank. The history of the actual mode in which gold passed from Germany back to France and to England, and which defeated every effort to practically establish the single gold standard and enabled France to recover from her depressed condition growing out of the war, and at the same time resulted in depressing the industries of Germany until there was a universal outcry, has been dwelt upon by the statesmen and economic writers of Europe. And since that rash experiment no other European country will dare to repeat it.

There is about $1,500,000 of silver coin in Europe. The loss of sending that silver to the United States to be recoined, by abrasion, freight, exchange, and 3 per cent. loss on the coinage at 16 to 1 instead of 15½ to 1, and taking all the risk, would make about 9 per cent., or a loss to the owners of the silver coin of over $135,000,000.

The chancellor of the exchecquer of England has lately recommended the issue of £1 silver notes, the gold reserve is running so low.

There is a continual apprehension of a panic in England on account of the gold reserve running low.

The Secretary of the Treasury shows there is now no further danger of import of foreign silver, when arguing in support of his warehouse-certificate scheme.

Why have not the free-coinage mints of India, Japan, and Mexico been flooded with surplus silver?

The world's production of silver has ranged from $110,000,000 to $140,000,000 per annum during the past five years. There has been consumed in the arts and manufactures $40,000,000 per annum.

The world's coinage during that period has ranged from $120,000,000 to $150,000,000. The amount of the recoinage in the world for the year 1889 is estimated at $28,000,000.

The coinage of the world is increasing:

In 1884 it was	$110,000,000
In 1887 it was	163,000,000
In 1889 it was	150,000,000

So it appears from the statistics that there is now a large deficiency in the annual supply of silver to meet the current demand for coinage and industrial purposes.

A very large percentage of the Mexican dollars coined is exported to Asia in the oriental trade. In fact, much silver is coined at the mints of Mexico to put it in convenient bullion shape for such export. The Director of the Mint says:

The bu[illegible] ver coinage of Mexico is remelted and used in other coinages or absorbed

I mention this to show that no silver will come across the border from Mexico.

WORLD'S PRODUCT AND CONSUMPTION.

Mulhall says the product of silver from 1830 to 1880 was		$2,475,000,000
And the consumption during the same period		2,725,000,000
Consumption over product		250,000,000

That 5,230 tons of old candlesticks, etc., in the temples of the East and Europe were melted to supply the deficiency.

Product		$150,000,000
Consumption in the arts and manufactures	$40,000,000	
Loss by accident and abrasion	20,000,000	
Coinage less recoinage	125,000,000	
		185,000,000
Deficiency		35,000,000
Export to Asia aside from India coinage		10,000,000
Total deficiency		45,000,000

These estimates may be too high or too low; they can only approximate to correctness. But no authoritative statistics can be produced to show that the actual demand for silver for current use has not largely exceeded the product of the mines during the past ten years.

The fear of a dump of surplus silver has been created by the bald, dogmatic unsupported statements of the monometallists.

FREE COINAGE WILL NOT CAUSE ANY UNDUE EXPANSION OF THE CURRENCY OR SUDDEN RISE IN PRICES IN THE UNITEDSTATES.

The approximate annual output of silver in the United States for the past ten years is about $50,000,000. I assume that there will be no net import of silver. The net exports have ranged from 12,000,000 to 20,000,000 per annum during the past ten years. The United States consumes in the arts and manufactures over $8,000,000 of silver annually. The loss by accident and abrasion will be at least $5,000,000.

If the annual output should be $60,000,000, there is only $47,000,000 left for coinage. But there will in all probability be an annual net export of $10,000,000, leaving only $37,000,000 for coinage in the United States, about $3,000,000 per month. Less than the retirement of national-bank notes.

Will some monometallist show us how there can be any sudden inflation by free coinage.

PROPOSED LEGISLATION.

Free coinage in two years from the 1st of January, 1890, and in the mean time require four millions per month to be coined. This is suggested only as a compromise with those bimetallists who are afraid of the immediate results of free coinage.

There are other acts that ought to be passed, which would assist in putting silver on an equality with gold and arriving at free coinage without any radical change of any kind.

Require silver certificates to be issued directly from the Treasury, on all the coin or bullion in the Treasury.

Require one-half of the $100,000,000 reserve to redeem legal-tender notes to be kept in silver. There is no law for keeping it in gold.

Make silver certificates a legal tender for all debts, public and private; also gold certificates.

The silver dollars are legal tender for all debts, public and private. Silver certificates are legal tender only for debts due to the United States. The absurdity is presented that a debtor can not compel his creditor *to* take silver certificates, but he may send the certificates to the Treasury, obtain the silver dollars, and compel the creditor to accept them.

Require the Assistant Treasurer of the United States to pay and receive one-half of all balances due or payable from national banks or clearing-houses in silver or silver certificates.

This legislation would bring about real bimetallism. In this way we should return to bimetallism as smoothly as we returned to specie payments in 1879. If the Secretary and his friends are in favor of bimetallism, why do they oppose such legislation?

If the Secretary's bill was amended by striking out the power to suspend receiving bullion, the clause limiting it to domestic silver, and giving him the option to redeem the Treasury notes in gold, it would not be so objectionable as a temporary measure to advance the price of silver and lead, in the direction of free coinage. But I have reliable information that if these objectionable features were stricken out the originators of the scheme would not support the bill.

Mr. BARTINE. I would like to ask a question or two concerning the expediency of free coinage. It is objected or it is suggested as one objection to free coinage that the Government and not the mine owners should have the difference between the bullion value and the coin value of silver; what have you to say upon that point?

Judge SYMES. It seems to me to be one of the most unjust of things that the Government should be making a profit, I believe it is 30 per cent., on this coinage at the expense of the silver producer. I want to say, however, Mr. Bartine, that I am not a bimetallist because the miners of my State would make more money.

Mr. BARTINE. That is not the idea.

Judge SYMES. I will say this——

Mr. BARTINE. That was the argument made.

Judge SYMES. Then let the Government as a matter of course make a seniorage charge if it sees fit——

Mr. BARTINE. That would not cover the point; there is 30 per cent. difference in the value of the bullion and the value of the coin, and of course we could not expect the Government to make a seniorage charge of 30 per cent.

Judge SYMES. I think one special objection to this Windom bill is that it makes the Government a speculator. I think that it is an anomalous position, and the Secretary of the Treasury says that for the purpose of restoring true bimetallism it is a temporary measure. The Secretary of the Treasury claims that this is a temporary scheme having in view the reaching of true metallism. I do not think it is a true scheme, I think that gradually leading up to free coinage would be much better. I can not see why there is any justice in the Government making 30 per cent. out of the producers and I have never known any one who thought it was right; they abused the Bland law on both sides for that reason.

Mr. BARTINE. If a free coinage law could be passed allowing the holder of bullion to take it into the mint and have it coined, would it be doing any more than giving them a lawful and constitutional right they had always enjoyed prior to 1873?

Ju[illegible]es. Certainly not, it would only be true bimetallism by *putti*[illegible] silver upon an equality before the law, making each *a m*[illegible]

Mr. BARTINE. Is it not your idea that true bimetallism requires free coinage, requires their being absolutely interconvertible?

Judge SYMES. Any one understands that who has followed the history of the subject. You can not have true bimetallism except by the free coinage of both metals, thereby putting them on an equality before the law.

Mr. BARTINE. Then if your idea in regard to bimetallism is true they should not be rejected because something may inure to the benefit of the producer.

Judge SYMES. Certainly not; of course my sincerity would naturally be questioned, and it would only amuse me to be criticised because I am from a silver State.

Mr. BARTINE. The greatest advocate of protection generally comes from the manufacturing States.

Judge SYMES. Yes, sir. I have always been in the West where a strong free trade sentiment has prevailed, but I am a protectionist, I have always been a protectionist. My friend, Mr. Walker, I think, would absolutely agree with me on that. I have been accused of being a Massachusetts man on that question often.

Mr. WALKER. That is a compliment.

Mr. BARTINE. Will you state why the price of silver has gone down notwithstanding the Bland law?

Judge SYMES. The greatest reason that the price of silver has been depressed more than any of the advocates of the Bland bill anticipated since 1878 is on account of the uncertainty of what was going to be done with silver; the danger that was before the eyes of the silver bullion holders and moneyed men throughout the world that there was danger of the repeal of the Bland bill. It was so found by the royal commission, and let me say the reason why silver reached so low a figure as it has was because the eminent and leading officers of the Government of the United States in the preceding administrations have conveyed the idea and caused the belief among the moneyed people of Europe that we would demonetize silver. Now if we should fix a day, as I have said, long before the time for the free coinage, just as gradually as greenbacks went up long before the 1st of January, 1879, silver bullion would reach its old figures.

Mr. BARTINE. We have a law at present upon the statute-books authorizing and directing the coinage of silver of not less than $2,000,000 nor more than $4,000,000 per month. Do you consider the coinage at all times of the minimum amount of silver is a fair, honest execution of that law?

Judge SYMES. Honest is a pretty strong word to use.

Mr. BARTINE. Well, say, fair.

Judge SYMES. My weakness is the use of strong words upon this subject after so much prevarication and so many misleading statements that have been made. I think not, but it seems to me that an average of $3,000,000 a month would be a better interpretation of the law. However, I wish to be candid upon that as upon everything else. It is absolutely in the discretion of the Secretary of the Treasury, and it is a discretion which the law gives him, and he has the right. I think, however, the word "honest" is too strong. I would say, however, that had it been apprehended only two millions would be coined it would have been made differently; it would not have been $2,000,000 to $4,000,000 a month—absolutely four millions—and that is why I so seriously object to the Windom scheme. It gives the Secretary of the Treasury power *to suspend issuing* certificates. It is a power that never ought to be

given to a Secretary of the Treasury, because you never know whether a Secretary of the Treasury will be in sympathy and take for granted the statements of the money ring of Wall street or the statements of the people of this country.

Mr. BARTINE. Let us pass from that point. Do you believe or do you not believe that the United States could maintain bimetallism?

Judge SYMES. I have not the slightest doubt of it, and I think it would not cause any inflation. I think so for the reason that I have spent much time in trying to study out that proposition from information that can be obtained from standard publications and the best authorities.

Mr. BARTINE. You think the United States with its 65,000,000 people and with its great territory could maintain bimetallism.

Judge SYMES. The royal commission admits that the Latin Union, as it is called, maintained it alone for upwards of one hundred years, and the United States to-day has about as large a population, and 75 per cent. more area, and has an international commerce which is vastly greater; it has before it a wonderful future, and it can maintain bimetallism absolutely to day without question.

Mr. BARTINE. One more question——.

Judge SYMES. Let me say further, bimetallism ought to be adopted because the European nations are watching America, and if we should adopt bimetallism other countries will fall into line. They have begun to admit the advantages of bimetallic countries over monometallic countries in their general prosperity.

Mr. BARTINE. You think the action of the United States would be contagious.

Judge SYMES. Exceedingly so. We are watched by the nations of the world; all the commercial world is watching us on this subject with interest. The royal commission said that it was only the Bland bill that saved silver from general demonetization.

Mr. BARTINE. Without any lengthy remarks upon the subject, I would ask you if you can conceive of one single argument in favor of the Windom bill which does not apply more forcibly to free coinage?

Judge SYMES. I can not, and I have studied it closely. I refer to that portion of the argument in the Secretary's report in favor of the Windom bill in which he does make a very plausible, a very able, and a very ingenious and misleading argument against free coinage; but when he begins to talk in favor of his scheme and in favor of the issuing of what I would call warehouse receipts upon silver, his statement is really in favor of free coinage.

Mr. BARTINE. It shows the theoretical character of the argument which went before.

Judge SYMES. It seems to me so; it shows the theoretical character of the argument which went before.

Mr. CARTER. Why would you defer the resumption of free coinage until the 1st of January, 1892?

Judge SYMES. It is entirely in deference to my respect for the timidity of a large conservative class in this country who desire bimetallism, but who are afraid of it because they believe so much in the arguments and so many of the facts that I contend are not the facts that have been stated and repeated by the monometallists of this country against free coinage duging the last ten years. They are afraid of the dump; they are afraid of the coinage of $100,000,000; they are afraid it will drive gold out of the Treasury; they are afraid that it will drive gold out of the country, and that it will

put gold at a premium, simply because they believe the dogmatic statements of the monometallist, every one of which during the last ten years have been found incorrect by actual experience. I do not think, Mr. Carter, that free coinage passed now would bring about any convulsions. I can not see where the silver would come from; I can not find it in the commercial world, taking as authority the recognized leading authors upon the subject. I can not believe we would have any great glut of silver from our mines. But I honor the conservative man in finance; I honor the man who is afraid of sudden changes and convulsions; and therefore I would approach that as we approached specie payment. I believe we should fix it for January, 1892, so as to give notice to the whole commercial world, because it is a pretty sudden thing to make bullion worth 30 per cent. more by an act of Congress in a day. If such a law was passed what kind of a silver ring could be formed in New York to control the output of the whole country and dump it into the mint immediately.

Mr. WALKER. I submit, if the judge would confine his answer to the questions that are propounded him as much as possible——

Judge SYMES. I submit to my friend that, in the course of answering the questions, for me to answer yes and no only might put me in a false position.

Mr. CARTER. Your only reason for deferring the date for the commencement of free coinage rests in the desire you have to indulge what you believe to be the groundless apprehension of the monometallist; that is, as to the convulsions in the financial world.

Judge SYMES. Yes, sir; I would make the time much shorter; I would have the act go into effect immediately, except for the fact that many people are afraid of sudden changes. I believe myself it would have no effect upon the people by convulsion or change. We know that by such changes the money kings gain the profit and the people suffer from such convulsions.

Mr. BLAND. I would suggest something which shows upon the face: If you postpone the day for the resumption of free coinage, the silver now distributed among the people is more liable to be accumulated than if such a course be adopted at once.

Judge SYMES. I think the point is very well made, and there are two sides to it. My principal reason is in deference to the class of men whom I have mentioned.

Mr. CARTER. Why would you insist upon holding one half of the Treasury reserve in silver.

Judge SYMES. Because it would be simply obeying the statutes and not administering the statutes of the United States in favor of gold as against silver, but in favor of bimetallism.

Mr. CARTER. After recognizing silver as in every respect equal before the law with gold, which you say would come from free coinage, why would it not be proper, then, to leave the adjustment of the Treasury reserve and balances to regular laws of trade?

Judge SYMES. The laws of trade do not govern that.

Mr. CARTER. Whether the reserve should be in one coin or another coin would be a matter that would adjust itself.

Judge SYMES. Yes, sir; and for the reason that the Secretaries of the Treasury have been monometallists as a rule, or rather against silver. They want to make silver subordinate, and yet they talk of true bimetallism while they oppose free coinage. For that reason they have locked up the gold and claim that silver would not serve the purpose.

Mr. CARTER. Then your suggestion merely is that you would by law prevent the Secretary from keeping a larger amount of one of the two metals in such reserve; that is all?

Judge SYMES. That is all.

Mr. WALKER. What is really the most valuable metal in civilization?

Judge SYMES. Platinum is the most valuable. As Judge Stewart says——

Mr. WALKER. Excuse me, but I am going to ask questions now.

Judge SYMES. I will not pretend to say whether there are several metals which are not in practical use which are more valuable than platinum; several may be, but I do not carry these in my head. However, if I was in my library——

Mr. WALKER. I beg your pardon——

Judge SYMES. I do not see the point of your question.

Mr. WALKER. Did you hear my question?

Judge SYMES. Yes, sir

Mr. WALKER. Will you repeat it?

Judge SYMES. You asked me which was the most valuable metal.

Mr. WALKER. No, sir.

Judge SYMES. Then I misundertood you.

Mr. WALKER. I asked you what was the most valuable metal to civilization.

Judge SYMES. To civilization?

Mr. WALKER. Yes, sir.

Judge SYMES. Silver, decidedly, in my judgment. I could talk a long time on that to prove my idea, but that is not what I am here for now. To the people of the world I think it has proved to be the greatest panacea to civilization.

Mr. WALKER. Suppose all the metals were stricken out of existence but one, which would be the most valuable for civilization to retain; you need not give us a lecture.

Judge SYMES. I am not going to give you a lecture, neither am I going to say yes or no and put myself in a false position. I practiced law too long for that.

Mr. WALKER My question does not call for a yes or no answer. Will you please name the metal which, if all other metals were to be stricken out of existence, is most valuable to be retained for civilization.

Judge SYMES. I think that metal——

Mr. WALKER. Will you name it.

Judge SYMES. Yes, I will if you will not interrupt me and allow me to do so. I say I think that metal——

Mr. WALKER. I did not ask you that.

Judge SYMES. I know you did not, but I am answering the question. If you had been a judge you would see the propriety——

Mr. WALKER. You have been a judge!

Judge SYMES. And that is the reason I understand these things more than you do. However, we are getting into a controversy, and I would have answered it long before if you had let me alone, but I will not answer such a question with a yes or no.

Mr. WALKER. I do not ask you to do anything of the kind. I simply ask you to name the metal.

Mr. BLAND. Is that a money metal or is it all metal?

Judge SYMES. I presume that Mr. Walker means that, as we are talking of nothing else here.

Mr. WALKER. I am not talking of money now at all.

Judge SY[illegible] Well, we ought to be; no question comes in here this morning p[illegible]ept money.

The CHAIRMAN We can expedite this and get the information that is desired if you will just reply briefly to the questions. Of course, you can say in answer to that question, silver, gold or whatever metal you please. If you do not know you can simply say so.

Judge SYMES. This will be my answer as taken down. [To the stenographer: Wipe out the balance.] For the reasons that I think a circulating medium is absolutely necessary, and all business should have for its foundation a metallic currency which shall be both a measure of value and an equivalent of value at the same time, and that nine-tenths of the people of the world have always preferred silver to gold; and for the further reason that nine tenths of the people of every civilized community are more interested in the circulation of silver than in the circulation of gold for their good; I should say, also, on account of its increase of production to-day, and its prospective increase of production, and the great falling off of gold production, that it would be much better to preserve silver than gold. Then there is another side to that question. It is a very hypothetical one.

Mr. WALKER. Supposing that, simply looking at the uses that have been made of all metals known to civilized man, every metal was to be stricken out of existence but one, with our present knowledge what metal would you retain?

Judge SYMES. You do not apply this to money metals?

Mr. WALKER. I have asked my question, and I can not make it any more definite.

Judge SYMES. The question is so extensively hypothetical. Well, I will say, after a good deal of thought on the subject, and the difference between a money metal and a merchandise metal, that mankind has derived more benefit from having a circulating medium of silver than from the use of any other metal in any other way. Secondly, I should preserve gold, and it is doubtful whether it might not be as good as silver if we did not have both.

The CHAIRMAN. Will you just please answer——

Judge SYMES. I beg your pardon, Mr. Chairman. I think you are right——

Mr. WALKER. I will withdraw the question.

Judge SYMES. You can not withdraw the question, I have answered it.

Mr. WILLIAMS. I feel that I would give more for a man's reasons than for a man's conclusions. It has never been the practice in courts or committees, or anywhere else, to designate what kind of an answer a man shall give, but he is allowed a latitude to answer questions in his own way.

The CHAIRMAN. We gave the Judge a hearing yesterday without any interruptions at all, and it seems to me that any questions that could be answered should be answered by him and then, if he desired, he might make some explanation of the same, which of course would be allowed.

Judge SYMES. I rather agree with the ruling of the chairman, but I do not propose to be put in a false position and go upon record.

Mr. WALKER. Is it not a fact, and is it not conceded by all writers from the very beginning of civilization, that iron and its product is the most valuable metal that has ever been known to man?

Judge SYMES. Aside from any use as a money metal, it is.

Mr. WALKER. I did not ask you anything about a money metal.

Judge SYMES. I will not quibble about that; you can not put me in *a false position, my* friend.

Mr. WALKER. I decline to question the Judge further, because he has assumed from the beginning that my object is not to elicit information, but to put him in a false position.

Judge SYMES. I beg your pardon, Mr. Walker, but I did not mean that. I meant I would be put in a false position if I did not make an explanation of my answers, and that is why I hesitated. I think it is generally conceded, and I have often stated it myself, that iron was the greatest metal in the world; but when I state that, I do not take into account the use as a money metal. They are so different.

The CHAIRMAN. Are there any further questions, Mr. Walker?

Mr. WALKER. I have some further questions if I could get answers.

Judge SYMES. I wish to say, Mr. Walker, that I hope in my hurried way I shall not in any way say anything that reflects upon your feelings; I have the greatest respect for you, but of course you know a lawyer thinks he knows his rights as an expert witness.

The CHAIRMAN. It seems to me the questions of Mr. Walker are perfectly proper.

Judge SYMES. They are perfectly proper, but not to be answered by yes or no.

Mr. WALKER. I do not ask for a yes or no answer.

Mr. BLAND. It occurs to me we are here to consider the money question, and not to consider the question of cotton, wool, or iron, but that we are confined to the money metals.

Mr. MUTCHLER. The rule of a court is that a witness shall give a categorical answer, and then he may give his reasons, aftewards. That is what the judge refuses to do.

Judge SYMES. I beg your pardon——

Mr. MUTCHLER. You name the metal finally, but if you had named it at once you could afterwards have given your reasons, and nobody would have objected.

Judge SYMES. I accept that as a correct statement.

The CHAIRMAN. I suggest that any question relating to economic conditions affecting financial propositions would be proper to consider. I do not understand that Judge Symes refuses to answer any questions.

Mr. WALKER. There are things, of course, that are precious because of their use, like air and water, which are valuable for human existence; and there are other material things, which we buy and sell, which are valuable because of the desire for them, and, secondly, because of their scarcity. Why does gold and silver bear so high a price?

Judge SYMES. Is that the question?

Mr. WALKER. Yes, and it can be answered shortly. I should like a basis for other questions if I can get an answer to that.

Judge SYMES. The greatest reason why t ey are so much more valuable than most all other metals is because of their use by common consent of mankind since the dawn of civilization for money metal, in other words, for money purposes. Why they are used as money metals, of course, I would have to take five minutes to give you the reasons, which are the elements of money economy.

Mr. WALKER. Do you think there is such a thing as having enough gold and silver to be used for money that has been established by long custom and usage—is there such a thing as saying there is enough in any country?

Judge SYMES. I think there may be enough, too little, and too much at any particular period of time. I answered this question partially yesterday from my views, but I said that if there was a danger of such an immense output or influx of silver as some in Europe believed from

1870 to 1876, the demonetization of it might be justifiable; but all such apprehensions and fears were based upon a false foundation; there is an insatiable appetite for money metals. It has become so ineradicably stamped in the composition of the human mind, too, in all their actions and circumstances, that he who does not especially consider it is liable to go wrong on all these money questions. There may be too much and too little dependent upon circumstances.

Mr. BLAND. I would like to ask you if there was ever a time when there was too much, if there is too much now, or if there is any likelihood of there being too much?

Judge SYMES. From my stand-point there has never been too much and there is no likelihood of there being too much, because we find when we study the history of the prominent periods of the increase and decrease of the present precious metals that it has been during the periods of the greatest increase that the world's prosperity, development, and civilization, especially in the advance of the lower classes of people, made the greatest strides. That can be clearly shown by referring to the silver age, after the discovery of America, when the world made most rapid advance, and especially after the discovery of gold in California.

Mr. WALKER. Is there any likelihood of there being sufficient gold and silver to answer for one-half or even one-fifth part of the money of the world?

Judge SYMES. One-fifth the circulation of money?

Mr. WALKER. Well, it is all money. Is it not a fact that there are $8 of paper money where there is $1 of gold or silver coin in the world?

Judge SYMES. That is correct.

Mr. WALKER. Is it not a fact that most of the money is not coin?

Judge SYMES. As my friend Mr. Walker has just stated in his question, and which I readily agree with him, the time has passed away when any but a very small fraction of business can be done by the actual circulation of the precious metals, but notwithstanding that they must form the great foundation or basis, or we will have panics, inflations, booms, and the opposite.

Mr. MUTCHLER. What percentage of the precious metals is coined into money—what percentage of the production of the world?

Judge SYMES. I would have to sit down with a pencil and figure on that.

Mr. MUTCHLER. Can not you give us some idea of the percentage?

Judge SYMES. I will simply state it roughly, and I will not be resposible for a few hundred thousand, but there is supposed to be about $5,000,000,000 of gold in the world.

Mr. MUTCHLER. I am speaking of the annual production of gold; what percentage of it is coined into money?

Judge SYMES. As I stated yesterday and cited the authorities to prove it, none of the annual production to-day is available for coinage in the European and American commercial worlds. It is all absorbed by consumption in the arts and manufactures and exported to the East, which does not have any effect.

Mr. MUTCHLER. What percentage of the silver of the world is coined into money?

Judge SYMES. I showed this morning by statistics I produced that of the $150,000,000 to-day there is perhaps nearly $100,000,000 of it coined and used in the commerce of the world.

Mr. MUTCHLER. Now, do you say if all these two precious metals were coined into money we would not have a surplus?

Judge SYMES. *I do most* emphatically.

Mr. MUTCHLER. Will you show me how we can stand the coinage of $50,000,000 a year of silver?

Judge SYMES. Let me answer your first question. I do most emphatically for the reason that the decrease in the amount of gold available for coinage during the past quarter of a century is not equal to the increase of silver available for coinage.

Mr. WALKER. Has there been any difficulty ——

Judge SYMES. I ought to answer this gentleman's other question if you will permit me. What was your last question, Mr. Mutchler?

Mr. MUTCHLER. I asked the question whether you thought the coinage of $50,000,000 of silver a year in the United States would not be more than we require for its use?

Judge SYMES. Emphatically, no. The New York Tribune admits it would take over $40,000,000 to keep our circulating medium in its present status. We have to take into consideration the fact that about $3,000,000 a month of national-bank notes are being retired, and it would not keep the circulation per capita what it is to-day, and there has been a shrinkage per capita of $3 since 1883.

The CHAIRMAN (to Mr. Walker.) What was your question to Judge Symes?

Judge SYMES. This question I have just answered was asked me before Mr. Walker asked his, and I thought I ought to answer it first.

Mr. WALKER. I asked if there had not been coin enough in the various countries to make the exchanges of the country? I believe it is stated that about 1½ per cent. of the exchanges of these countries are made in coin and about 3 per cent. in what is called currency, and the balance by checks, drafts, etc.

Judge SYMES. I accede to that.

Mr. WALKER. Let me change the question a little. What is coin for?—it is used for circulation—but what office does it do in the exchanges of a country? What is it used for specifically?

Judge SYMES. Coin is specifically used as a circulating medium and measure and an equivalent of value where countries are on a specie basis. It forms the foundation also of all paper currency and all substitutes for money. That is, when paper money passes from A to B it passes as a representative of coin, and paper money is valuable because the person who accepts it believes he can turn it into coin at pleasure.

Mr. WALKER. Now, let me ask one question right there. Has not the experience of the commercial world shown approximately how much coin is needed to do that business?

Judge SYMES. I am inclined to think so.

Mr. WALKER. I am very much obliged to you for your specific answers to these questions. That is all I want on that point. Now, I want to ask you, if that is a fact, have we not reason to believe that the present amount of coin that is held by the banks and used for that purpose is sufficient for that purpose?

Judge SYMES. Do you refer to gold and silver?

Mr. WALKER. The main trouble is you want to get on your hobby.

Judge SYMES. You are mistaken there, my friend, but it is all right.

Mr. WALKER. I am trying to talk upon some economic questions; what is your answer to that?

Judge SYMES. I think not.

Mr. WALKER. Why not?

Judge SYMES. That is what I want the privilege to say to you; for the reason that the increase of population and wonderful expansion and growth of ce, the advance of a large class of people in the com-

merce of the world, and consequently the use of money in larger proportions——

Mr. WALKER. What do you mean by money there, coin?

Judge SYMES. I mean money there.

Mr. WALKER. Excuse me.

Judge SYMES. A continual increase in the coinage of the world is necessary to keep us even upon the present basis of circulation per capita, to say nothing of the increase that we should have to keep pace with this growth and increase of population. This question is indefinite unless we start upon some particular basis at some particular period. As the best writer on the subject has said—it is common for monometallists to say that we have gold enough to do the business of the world, and the cry of gold being scarce amounts to nothing.

Mr. WALKER. Are you stating this to this great 60,000,000 of people or are you stating it to the committee?

Judge SYMES. To the committee, of course. I understand, however, it will be printed. Of course, as Mr. Sauerbeck says, there is always gold enough to do the business of the commercial world; it only depends upon the range of prices. But the real question is, Is there gold enough to do the business of the world upon the general range of prices to which we have become accustomed? If one-half of the precious metals were wiped out to-day by one fell swoop there would still be (in the language of the monometallists) gold enough to do the business of the world, and in a short time the same cry would be raised that there was still gold enough to do all the business. But in reaching the new basis and standard of value nine-tenths of the people of the world would be bankrupted, and we should almost return to the condition of things that existed in the middle ages, before the discovery of silver in America, when $1 in money amounted to about as much, approximately, as $10 to $25 to-day.

The CHAIRMAN. Do any other gentlemen desire to ask any questions?

Mr. SYMES. Mr. Chairman, I feel under obligations to the committee for the courtesy with which they have heard me, and, I wish to add, to every member of it.

MONDAY, *February* 17, 1890.

The committee met pursuant to adjournment, Mr. Conger in the chair.

Mr. WILCOX. Permit me to introduce to the committee Mr. Joseph Sheldon, of New Haven, Conn., who wishes to address the committee. I would suggest to the committee that he be allowed to make his address without any interruption, and at the close of his address if any member of the committee desires to ask him any questions they should have that privilege.

The CHAIRMAN. I hope the committee will observe that suggestion, and if they desire to ask any questions that they make a note of them and ask them after he is through with his argument. Mr. Sheldon, we have a few minutes business that we will be obliged to transact after we are through listening to you, so if you will make your argument brief enough so as to give the committee the opportunity for a few minutes questioning, say give us a quarter of an hour before 12, we will be obliged to you. The committee will be glad to hear from you now.

STATEMENT OF MR. JOSEPH SHELDON, OF NEW HAVEN, CONN.

Mr. Chairman and gentlemen of the committee, to a proper understanding of my remarks it may perhaps be well for me to state who I am and where I come from. I am a resident of New Haven, Conn., that at the present time is the headquarters, I suppose if there is anything of that kind, of the opposing view to that which I shall have the honor to present to you to-day.

The leaders of opinion there are, as they have been for the most part in New England, in favor of the gold coinage exclusively, at least till England shall join us in the coinage of silver. I do not share in that opinion, and I have come here to present my views on the subject of the silver coinage.

You are the committee, I understand, on Coinage, Weights, and Measures. Ordinarily the duties of such a committee, I should suppose, could not be very onerous, but to day you have before you in these various bills that have been suggested and are now before the country for consideration the most important topics that have been submitted for Congressional action since the liberation of the slaves.

The very collocation of phrases that makes the name of your committee suggests a fallacy that is at the bottom of this discussion. There are three conclusions to which the discussion of this question is expected to lead. One that of the gold monometallists; another the unlimited coinage of silver, and the third the adoption of Mr. Windom's bill by itself or with some amendments. In the very constitution of your committee, as I have said, a fallacy is suggested that is at the bottom of the discussion, and as you decide the matter so suggested the whole question will be decided. In the matter of weights, you may agree upon a definite object as the measure of all weight and it is correct; you can measure the weight of everything by comparing it with that. The measure of extension you can make by taking a bit of space agreed upon by legislation, and you can confidently measure by it all other space. When you come to this question of the standard of value you get to a very different affair and the fallacy is in assuming that the *unit* of value is the *measure* of value. There is no such thing, gentlemen, as a measure of value in a single thing; no such thing can be made, can be provided in the law, can even be conceived of as a single thing without reference to the body of money in circulation that can measure value; and yet I think right upon this point this whole discussion turns. For value is a relation, not a thing; a ratio, not a bit of metal.

If you take a bit of metal that has cost a certain amount of time and trouble to prepare, there is an idea that that gives it the capacity to measure value. I undertake to say, gentlemen, that that is not true and that that is fundamental in this whole discussion. Yet is not the conviction that such a thing can measure value at the bottom of the governmental action of the last seventeen years? Is not the idea all over the country at the present time that the unit of value is the measure of value? If that is true, then I concede that the gold monometallists have the question. If the unit of value is absolutely the measure of value, then it does not make any difference how much money you have in the country, a little is as good as a great deal. But I undertake to say it makes an enormous difference as to the value of property [illegible]he pressure of debts whether we have a large or a small amou[illegible] in circulation. Without reference to money we can say

one horse is worth as much as two cows. We can thus judge between one thing and another; but when it comes to the question of *dollars* in time contracts and debts then the amount of money in circulation is of enormous consequence and everybody recognizes it. Every one understands that the difficulty about the Confederate States' money, about the green back circulation, about the assignats in France, was the increase of the number of dollars either counterfeited or real existing in the community. The large number of dollars made the scale of prices run up until it became intolerable. Now, we do not always understand that the rule which we thus recognize running in that direction runs also in the other direction. We recognize it running one way and we do not recognize it running the other, and that is the trouble.

In undertaking to demonetize silver in 1873 the difficulty rested precisely there, that they did not think it was important if they made the amount of money in circulation less than it was before. We contracted the volume of money not in this country alone but also abroad when we undertook to demonetize silver and resume specie payments in gold. Before this thing came up in 1873 we had not had much silver money in this country. It was not a wonderful thing we did not. When France was coining its money at the rate of fifteen and a half pounds of silver for one of gold, our product of silver naturally went to France, because our coinage was at the rate of sixteen pounds of silver to one of gold; but when we undertook to draw into our Treasury and to this country an immense amount of gold coinage of the foreign mints and the uncoined gold of foreign countries what did we accomplish? We reduced prices there by reducing the amount of money in circulation which sustained prices there. What was the effect of that upon us? We had to sell our goods raised or made in this country at a reduced price there inevitably; we sold at a low rate our cotton and our wheat that they were compelled to buy, because the reduced amount of money in circulation abroad made it a necessity. We deliberately drew away from them gold money that sustained the prices of our own goods there, and then we got and they paid for our things sold abroad a smaller amount of money. That was the condition then. If we had waited until gold had risen 3 per cent., for instance, and then had had our old law by which we could have coined silver to an unlimited extent, we should not have sustained the losses we have met.

Two origins have been suggested of our controversy about the invariable value of gold, about the unit of value being the measure of value, one of which is, I suspect, a fable and the other an historical fact. The fable is about John Jacob Astor, and how he made his first great fortune in the fur trade on the Northwest coast. It was said that he got the reputation among the Indians of being "a very honest white man." One day he lost the pound weight of his scales, and he told his customers that he had made a very lucky discovery, and that was his foot weighed just a pound. The Indians tried it and were delighted, and some of the brightest of them insisted that his foot weighed a pound a great deal better than the old weight did, and they would not afterwards hear of any other weight than Mr. Astor's foot. Then of course the fortune made itself. When that foot went into the grave an immense demand arose for some substitute for Mr. Astor's foot in making great fortunes. The theory of an invariable value in gold and that the unit of value is the measure of value was substituted for the invariable weight of Mr. Astor's foot, and it is claimed that the substitute is a thousand *times better* than the original.

The way the theory originated historically is this: You know that England led the world in the last part of the last century and the early part of this in mechanical inventions and the appliances of trade. She was fortunate enough to have made six or seven very great and important inventions, the steam-engine, the power loom, the spinning-jenny, the new manufactures of iron and of pottery. These made England easily the first manufacturing nation of the whole world. Her coal and her iron ore lay close to each other and near the sea. She was ready to lend the aid of her army and navy for the promotion of trade; she sent her goods everywhere by swift-sailing packets and subsidized steam-ships. She gained a profit in making these goods, another profit on the carriage of these goods, and still another profit in exchanging these goods for unmanufactured articles of less developed people. She has established her factories and agencies all over the civilized and uncivilized world for the purpose of carrying on her trade. At last her merchants and bankers came to see that there was another profit which could be made by enacting a law that gold money should be the sole legal tender in payment of debts in England. This they had been accustomed to do for some time before she inaugurated the whole system by law in 1816. All debts thereafter payable in England must be paid in gold. This distinct and separate profit she hoped to continue as a part of her trade. In 1803 England was at war with France and Napoleon undertook to checkmate England in her trade. He decreed that the mints of France should be forever opened to the exchange of silver at the rate of fifteen and a half pounds of silver for one of gold and one pound of gold for fifteen and a half pounds of silver. This relieved to some extent the dependent and silver-using nations which had been compelled to pay tribute by this action of England. It was done for the purpose of intercepting the profits accruing to the English bankers and merchants from this gold exchange. This offer of the French mint was continued until 1873.

The whole matter of the cessation of the coinage of silver by Germany has, I presume, been gone over before and I do not care to speak of that. England had been biding her time for seventy years; she immediately saw her opportunity on the closing of the French mint to silver. There was only one nation in the world that stood in the way of her accomplishing the object for which she had been waiting for so many years. That country was the United States of America. It was the only country that had the monetary capacity, the manufacturing, commercial, and industrial position to interfere with her foreign trade, especially with the silver-using nations and her profit from the gold exchange. What did the English capitalists then do? They were afraid that the United States would see its opportunity and undertake to interfere with their foreign trade and the profits on that gold exchange. They found an English gentleman, Mr. Ernest Seyd, who had written a book to show the injustice and loss that demonetized silver would bring to debtors, to tax-payers, to dependent and silver-using nations. They selected Mr. Seyd, however, to come over and get silver demonetized here. He came; he gave a great dinner in this city; he invited to it all the chief men who at that time had control of this matter, and without calling attention to any of the great consequences involved, he got dropped out of the mint law, then under revision, a few words which left the law so that no silver dollars could be coined in this country. This was John Bull bearing gifts. He accomplished his purpose. It was the most astounding embassy that was ever undertaken by any *man in this world*, and the results have been the most astounding of

any that ever have been accomplished by any individual undertaking to despoil a nation.

I undertake to say that Clive and Warren Hastings never despoiled India of a greater amount of money than John Bull took from the United States by means of this scheme of Mr. Seyd's. England has got back the amount of the Alabama claim a hundred times over within the last fifteen years. That was the original history of this legislation of 1873. When we undertook to retrace our steps in 1876 and 1877, Congress took action here in 1877 and passed the Bland bill. What was the relation of silver to gold then in the market of England? In July, 1877, silver sold at 46¾ cents per ounce; in December it was 59 pence per ounce. Why was that? Only that the Congress of the United States had passed Mr. Bland's bill and it was the general expectation that it would become a law. Silver had then risen to within about two pence of its former normal relation to gold. But when Mr. Hayes vetoed the Bland bill and the matter was sent back to the House of Representatives on the one side and Mr. Allison's amendment adopted in the Senate restricting the coinage of silver to two millions a month, then of course, the price of silver as a commodity went down immediately. Every person who had studied the question thoroughly saw it must then go down and must remain down. Considering where this scheme originated it might well make us a little cautious as to the soundness of the principles on which it rests. It is a matter of just suspicion that England has been advocating this scheme as the true policy for this country.

But you have before you here a bill of Mr. Windom's. It seems to me to be a brave, a manly, and altogether sincere attempt on the part of Mr. Windom to solve this question in a way that would be best for the whole country; it is an attempt to find a middle term that shall reconcile opposing arguments. Amid conflicting interests and in a divided public opinion, it is an attempt to solve this question in accordance with the sentiments of justice. In that point of view it is a work worthy of the Secretary who successfully refunded our 6 per cent. bonds. Nevertheless the same fallacy that I spoke of before inheres in this bill, in fact, is rather emphasized. I think that the proposition of an invariable value in gold is brought out in this bill more definitely than in any other proposed statute of which I have ever heard. Now the great importance of this matter arises in relation to taxes, to debts, and time contracts. The amount of dollars mentioned in a time contract or in a debt is in reality the numerator of a fraction of which the whole body of money in the circulation is the denominator. The value of that time contract or that debt depends equally upon the denominator as well as upon the numerator. A division of the denominator is equivalent to multiplying the numerator. All the States are forbidden by the constitution from interfering with the obligations of contract. If you multiply the numerator by two no one could fail to see that that was an interference, an outrageous interference with a contract. But to divide the denominator operates exactly the same way and produces the same injustice. It is just here in this dividing of the denominator, the reducing of the legal tender circulation by demonetizing silver, that makes the substance of the silver question to-day.

We object to any such dividing of the denominator, thus doubling, trebling the weight of all debts, all time contracts and taxes, by diminishing the amount of legal tender money in circulation. One trouble with this bill is, that it does not make any provision for certificates that shall be a *full legal-tender*. You can indeed get legal-tender money for

them in a roundabout way, but they are not themselves legal-tender money. Indeed it seems to be determined that there shall be by this bill no interference with the pressure on gold. This is the fundamental vice of the bill.

If you wish to bring two things together you would naturally move both—move each towards the other if you could. But Mr. Windom recommends that you try to move only one and that one in the least effective way. He could bring down the value of gold by getting something that will be a substitute for it. If he could make something that would take the place of gold to a certain extent, would it not reduce the value of gold? If Stanley could bring back from Africa news that he found gold there so plentiful that he could shovel it up, it would reduce the value of gold all over the world at once; and if some substitute for gold could be found, that very substitute would relieve the pressure on gold. We say that the unlimited coinage of silver would be such a substitute. It would raise the value of silver and reduce the value of gold.

Mr. Windom's bill however, can not be seriously considered as a final settlement of this question. It hardly approximates to a settlement of it. No one supposes that we can go on forever under all conditions piling up the silver from the American mine in the vaults of the United States and keeping it there for all time. I do not think Mr. Windom himself would say that would be an expedient or possible thing.

Then what is the object of this bill? Is it not to bridge over the space until we can come to a European concert of action upon this subject? This has been very close to the heart of every individual who has ever had control of the Treasury Department since this question arose. These gentlemen have always been looking to and longing for a European concert of action on this subject and pretending to think and possibly thinking in fact that we could properly do nothing but wait. For this purpose we have initiated three conventions and sent out two special envoys.

The object of the bill may be indeed to postpone final action until the public sentiment can more clearly express itself in regard to the unlimited coinage of silver or so that we can determine later what we ought to do. But gentlemen, why ought we to wait for England? I know the whole European concert of action rests upon the position of England. But we ought not to wait for England. Its position, its policy, and its interests are on this measure radically different from ours.

Our position toward England in regard to the silver coinage is much the same that it is in regard to free trade. Great Britain adopted free trade in 1846 because it was adjudged to be then for the interest of Great Britain. Its commerce and its manufactures and all its industries required that they should have free trade in grain, and they abolished the corn law. And they argue, therefore, that as it was good policy for England under such conditions to repeal the corn law so it would be good policy for the United States to have free trade in manufactured goods for all time, but this does not at all follow. However, it is no more absurd than it is for us to follow England on this silver question. The English people are making money by the continuation of the present condition of affairs, but we are losing money. They can wait longer while they are making money out of it than we can while we are losing money by it.

The effect of the [illegible] competition, I presume, has been stated to you very clearly and [illegible] I will not go into that matter at all.

If we should attack Great Britain in its foreign trade, and that is the very essence of this whole business—if we should attack Great Britain in their trade with silver-using nations, we might hope for their co-operation if we shall so desire it in settling this question by international treaty. We could go to these dependent silver-using nations and say to them as France has said to them for seventy years: "You shall have exemption from the gold exchange of England if you bring your trade to us." Would not that be an advantage in establishing that trade for which we must enter into a contest with Great Britain?

I am sure gentlemen, that if we had unlimited coinage of silver to-day and such governmental assistance as all other nations give to their manufacturers and traders abroad: "We could successfully enter into that contest with Great Britain. And then this European concert of action would be secured without delay. England, France, and Germany would naturally attempt to neutralize the advantages we should in this way gain. They would say with these people: "We will offer you the same advantages the United States do. We will take your silver at the same rate and you need not on that account go to the United States to trade."

Is it not then important to us to make our silver policy a prime factor in our whole foreign policy with these silver-using nations? It seems to me very definitely that it is so.

Gentlemen, one other thing. Mr. Windom proposes to bring the price of silver as a commodity up to its old relation to gold as a legal tender. Is not that the ostensible object he is aiming at? We all know he can never equalize the value of commodities in the market, and that he can never equalize the value of a commodity with any legal-tender money. If he could do it temporarily it would be a barren fact. But if he were to find some new, important industrial use—some use and demand in the arts for silver, would he have any doubt that that would tend to bring the price of silver up in every market of the world? There could certainly be no doubt of it. But if you can have unlimited coinage of silver by a great nation like this and give to silver as a commodity the added value and power of legal-tender money, you will add as effectively to its value as you would if you discovered some great, new, industrial use for silver.

I think none of us ought to be imposed upon by the most hopeless of all suggestions: That the stamp of the United States does not add anything to the value of silver, that a silver dollar is worth only from 70 to 75 cents in England or in any market of the world. An individual a few days ago undertook to make that argument to me. "Why," said I, "here is an opportunity for you to make $15,000 in ten minutes if you choose. I will give you 90 cents a piece for a hundred thousand legal tender silver dollars—dollars with the stamp of the United States upon them, delivered to me at Brown & Shipley's in London." He did not accept my offer. Every one knows that a silver dollar—not the silver *in* the dollar—in every market of the world is worth only a very small percentage less than the gold in a gold dollar. Why? Simply because that legal-tender stamp is placed upon it by the United States, and that adds value to it just as absolutely as a new economic demand and new use for it in the arts would do. There is no question about that. If we then really wish to raise the price of silver as a commodity, we ought to put the stamp of the United States on 412½ grains of standard silver. You will in this way inevitably raise the value of it.

Take the case of the trade dollar with 7½ grains more silver in it than in the ordinary dollar. The price of the trade dollar went down just

as soon as you took from it its legal-tender function; it sank 15 cents on the dollar, with $7\frac{1}{2}$ more grains of silver in it than was in the ordinary dollar.

Then see what France did for seventy years just by means of that same thing. You will find that a coin is as much a manufactured article as a teapot or watch-case, and that the value of uncoined silver will be increased by having the legal-tender stamp on it.

But at best, this bill of Mr. Windom's is only a new experiment. The old experiment of Mr. Allison has not been such a wonderful success as to make us long for any more experiments. The old plan of the silver coinage lasted from the establishment of the mint to 1873. Had anything occurred during that time—any great damage come to us to make us intelligently choose demonetized silver? If we now retrace our steps, is there any real danger in that?

It is said we shall inevitably lose all our gold. Suppose it should remove all the gold—it wouldn't do it, but suppose it should—where would it go? It wouldn't go into the deep sea. It would go to England, France, and Germany. What effect would it have on prices there? It would help our farmers in the price of their products in those markets. They have had substantially to bear the great losses of the India competition, and all the losses from our originally drawing away gold from these gold-using nations.

But, gentlemen, my time is very nearly up; I will read a little summary of my points. If we have the unlimited coinage of silver, I should expect the following results:

The present "experiment" rests on an experience of injuries suffered without the benefits promised, while the old law was based on an experience of benefits without any injuries suffered. It calls for no compromise; it is enveloped in no doubt; it rests on no conjecture like the *new* and untried "plan."

(1) It would instantly add an immense new value to all silver bullion.

(2) It would reduce the strain of the India competition and reduce the incomputable losses that competition every year costs our farmers and planters.

(3) It would tend to stop the general down trend of prices.

(4) It might restore part of the loss that the price of services and commodities have sustained and which they now suffer.

(5) It would provide a more stable currency than any that at present exists.

(6) It would perhaps send part of our gold to Europe where it would raise the price of all our products sold in its markets.

(7) It might reduce the price of our 4 per cent. bonds so that they could be bought by the Government at less than 26 per cent. premium.

(8) If gold should be held at a premium over silver that premium would only add a new and further form of "protection" in our trade of *purchasing manufactured goods* from gold-using nations.

(9) It will raise prices and prevent the enemies of our tariff system from persuading the people that our losses by *silver* legislation are losses by *tariff* legislation—and prevent them from subjecting this country to something akin to free trade, and to the fate of Ireland and India by misrepresentation of a situation of which the people are becoming more and more impatient.

(10) It would be safe in finance; it would be wise in politics; it would be just to all; it would be the first firm step in securing our manufacturing and commercial leadership among all the American silver-using nations—our chief customers abroad in our *selling* trade of *manufactured goods.*

(11) It would be the quickest road to the adoption by England of silver as full legal-tender money *as a means of retaining her foreign trade* and of preventing that trade slipping from her hands into ours through the silver rift.

(12) It would lead by the shortest route to bimetallism by treaty among all commercial nations, and so end this disastrous money conflict in a union whose benefits would be shared by all and whose burdens would be felt by none.

(13) It would lead to the establishment of a higher justice in international, commercial, and financial affairs on a basis as solid as the mutual interests of all mankind.

(14) It would be a glory worthy of strong men "out of this nettle danger to pluck the flower safety," not for one great nation alone but for all nations for all time, and that by simple fidelity to duty amid the clamors of interested parties, by a measure of comprehensive statesmanship.

The single piece tells you nothing without reference to the whole number of which it forms a part. It is the numerator of a fraction whose denominator is unknown. Any number of the "units of value" tell nothing of their real value, separate from the whole number of which they form a part—their denominator.

It is precisely this indeterminate denominator that makes the special weakness of all forms of paper money. It is because that denominator is rigidly confined by nature within certain relatively narrow limits that fits the precious metals in our age for their function as money bestowed upon them by the law.

But magic is wrought by the belief that this numerator itself has a fixed inherent and invariable value. You change the denominator without attracting attention to that change. The *value* of the fraction is fixed as to its *number* of parts and changed as to all that is most important. The silver question is a protest against a change in the denominator after contracts have been entered into to deliver the number of things fixed in those contracts.

The CHAIRMAN. The committee now would like to make some interrogatories if you will give them your attention. As we commenced at our last meeting at the lower end of the table we will commence at this end to-day. Mr. Walker, do you desire to ask any questions?

Mr. WALKER. I shall probably ask some questions which I have asked before. Do not you think it is for the interest of humanity that wages should constantly increase and that the price of products should constantly decrease?

Mr. SHELDON. Undoubtedly, sir; provided it is done in a proper way.

Mr. WALKER. Excuse me, but you have already had three-quarters of an hour in which to make your speech, so I will thank you if you will merely answer my questions, because otherwise you will be simply talking to the reporter. You are quite clear it is better for the community as a whole that the farms should be bought for a thousand days' work than it should be bought for two thousand days' work?

Mr. SHELDON. Certainly.

Mr. WALKER. And that a mortgage should be paid off by a thousand days' work rather than by two thousand days' work?

Mr. SHELDON. Certainly.

Mr. WALKER. Let me ask you again—if you coin silver you say it will raise prices?

Mr. SHELDON. Yes, sir.

Mr. WALKER. You haven't any doubt about that?

Mr. SHELDON. I have none.

Mr. WALKER. Has it not been the experience of the world that in any changes in money so that prices have been raised because of any change in money by the action of the Government that wages have been the very last to rise to a corresponding degree?

Mr. SHELDON. It may be.

Mr. WALKER. Have you examined the question?

Mr. SHELDON. I have to some extent.

Mr. WALKER. Is it a fact or is it not?

Mr. SHELDON. I think that is so.

Mr. WALKER. If we raise wages by remonetizing silver at once it will practically be raising the price of the product when the price of wages are not raised, and it will practically reduce wages?

Mr. SHELDON. No, sir. These wages now are by virtue of the very great clamor that has been continued for the last few years kept up in spite of this thing. There are other elements that enter into it.

Mr. WALKER. You say kept up. Is it not a fact that from 1860, taking the wages in 1860 before the war, is it not a fact that wages now are from 25 to 33⅓ per cent. higher on the whole scale, in some cases double, and in some not so much?

Mr. SHELDON. They are some higher; I do not know how much.

Mr. WALKER. But they are materially higher?

Mr. SHELDON. They are some higher, but I would not undertake to say how much.

Mr. WALKER. That you have not examined?

Mr. SHELDON. I could not tell you how much it is, but I know they are considerably higher.

Mr. WALKER. Are they not from 25 to 35 per cent. higher?

Mr. SHELDON. I should think not so much as that, but I should say they were considerably higher.

Mr. WALKER. Is it not a fact that products have gone down to as large a percentage as wages up, taking all the products?

Mr. SHELDON. I know they have gone down very considerably.

Mr. WALKER. Then if that is a fact the mass of men are in a good deal better condition, that is to say, that the whole products of the country are more equally distributed per capita than they were in 1860?

Mr. SHELDON. I think so; I have no doubt of that, as to men working for wages.

Mr. WALKER. If the free coinage of silver has the effect that you claim for it, would it be to the disadvantage of the laboring men?

Mr. SHELDON. No, sir.

Mr. WALKER. Why?

Mr. SHELDON. Because what raised the wages was virtually the clamor about it. The prices have been raised by their combinations everywhere; they have sent men out to individuals, manufacturers——

Mr. WALKER. We all know that.

Mr. SHELDON. That is the reason of the rise, not the fact that we have got less money than before.

Mr. WALKER. I am not talking about the reason of it, we all know the reason.

Mr. BANTINE. I think that you ought to give him a chance to explain, and not to bind him in his answers.

Mr. WALKER. It is not the reason of the rise that I wish, but the simple facts.

Mr. SHELDON. Very well.

Mr. WALKER. Then if we remonetize silver, and that has the effect

of raising the price of products, as that has been claimed here constantly——

Mr. SHELDON. Yes, sir.

Mr. WALKER. It will be disadvantageous to the laboring men as wages are now higher, and wages are now, whether it is got by fraud or honestly, leaving that question entirely out—it will have the effect—I suppose you admit trade is simply the exchange of product for product. Everybody admits that. Then it will have the effect of reducing wages—what he gets for his work as wages—unless wages are advanced. There is no doubt about that.

Mr. SHELDON. It would tend to raise his wages, so far as this is concerned.

Mr. WALKER. It will put up the tariff, then, till wages are reduced?

Mr. SHELDON. No.

Mr. WALKER. Never mind, we will give that up. You say that by stamping this 412½ grains it will raise a dollar to the price of gold; that is, with free coinage?

Mr. SHELDON. Eventually.

Mr. WALKER. What do you mean by that?

Mr. SHELDON. I say it would raise the price of silver as a commodity. The coined dollar is at the present time equal to a dollar in gold.

Mr. WALKER. You say it is equal at the present time?

Mr. SHELDON. Yes, sir; that is the coined silver, not, of course, the product, the commodity. That is the gist of my argument.

Mr. WALKER. I did not understand it before. You say, then, to stamp this piece of silver 412½ grains makes it worth in the market as a dollar equal to the price of a gold dollar?

Mr. SHELDON. Certainly, sir.

Mr. WALKER. What market do you mean?

Mr. SHELDON. Any market in the world that has a certain metal market.

Mr. WALKER. Is it not a fact that when you go to Mexico or Canada, or anywhere else, and you have a silver dollar and greenback dollar and you offer them for exchange, that they will give just as much gold for the greenback as for the silver dollar?

Mr. SHELDON. I presume so. I do not know the fact, but it ought to be.

Mr. WALKER. How do you account for that?

Mr. SHELDON. I account for it that they are both equivalent to a gold dollar in this country; that is the point.

Mr. WALKER. They are equivalent to a gold dollar because you can exchange it for a gold dollar?

Mr. SHELDON. Certainly.

Mr. WALKER. That is all the reason?

Mr. SHELDON. No, sir; because they will exchange for anything else.

Mr. WALKER. That is true, certainly.

Mr. SHELDON. They will exchange for anything else that a gold dollar will.

Mr. WALKER. Because they can get a gold dollar for that?

Mr. SHELDON. Because they will exchange for anything that a gold dollar will.

Mr. WALKER. That is because the gold dollar is the measure of value?

Mr. SHELDON. No, sir; it is not because the gold dollar is the measure, the gold dollar is not a measure at all.

Mr. WALKER. What is the measure?

Mr. SHELDON. The measure is the whole amount of money in circulation that would measure the price.

Mr. WALKER. Now you see you have made that very clear and I am obliged to you for doing so. In reference to the value of money, you say the dollar mentioned in a bond is the numerator and the whole number of dollars in existence is the denominator?

Mr. SHELDON. Yes, sir.

Mr. WALKER. How do you get at the whole number of dollars in existence? What do you include in that? Do you mean by that coin dollars, or greenbacks, or bank notes?

Mr. SHELDON. I mean whatever is legal tender. The bank note is a kind of bastard dollar; it is good to induce people to get into debt but not available to pay their debts. I mean whatever is a legal-tender dollar. The point is this, that the price of everything—I say by a wise necessity—is relegated by the chaffering of all the markets of the world.

Mr. WALKER. This is outside——

Mr. SHELDON. But you asked what was the price of this——

Mr. WALKER. I simply asked you what you put as a dollar, that is my simple question.

Mr. SHELDON. I put the whole number of legal-tender dollars in existence, and not only in this country, but all the legal-tender dollars abroad have a tendency to affect values here.

Mr. WALKER. The number of dollars mentioned in a contract is the numerator.

Mr. SHELDON. Yes, sir.

Mr. WALKER. Do you recognize there is such a thing as enough gold dollars, and if so, how can you get at the fact whether there is not enough?

Mr. SHELDON. It depends on what you want to do about prices, that is it. If you would keep prices equal you would want to have the number of legal-tender dollars to constantly bear a given ratio to the population and business to be transacted, and it is that and nothing else.

Mr. WALKER. Without——

Mr. SHELDON. Excuse me——

Mr. WALKER. You say in order to have prices remain stable and not to be depreciated by a lack of dollars, that the dollars must increase with population and have the same relation to population?

Mr. SHELDON. Yes, sir, and to business.

Mr. CARTER. With the population and the world's general production.

Mr. SHELDON. Exactly; there is no question about that.

Mr. WALKER. That is to say, take the total production and the total population; why do you take the two elements—why not simply take one?

Mr. SHELDON. Simply because both enter into it.

Mr. WALKER. Do you take into account the hoarding disposition of different people?

Mr. SHELDON. That is a matter that will be judged of by the chaffering in the markets, as I say. I might have one view and another person another, but it is generally the average judgment about that which controls.

Mr. WALKER. You say it depends upon the aggregate productions?

Mr. SHELDON. Yes, sir.

Mr. WALKER. That is the first influence?

Mr. SHELDON. Yes, sir.

Mr. WALKER. And the population is the second?

Mr. SHELDON. Yes, sir; that is another thing.

Mr. WALKER. Your second statement is, it depends upon the hoarding disposition of the population—whether they will keep the money locked up or whether it will be distributed among the people?

Mr. SHELDON. That enters on the other side of the thing, in reducing the amount; then there was our getting money from abroad into the Treasury here——

Mr. WALKER. Excuse me; give me a fair chance; you have had a chance. You say, then, that the use of it in commerce and the use of it by individuals, and you determine the number of dollars?

Mr. SHELDON. And the chaffering in the market.

Mr. WALKER. When you have supplied that, more would simply enhance prices abnormally?

Mr. SHELDON. The point would be this, that a slight and small increase is vastly better for a community than any decrease.

Mr. WALKER. I accept that. If your positions are correct, then any device by which that coin will have more to do in the commerce of the world, accomplish more, would have a tendency to reduce prices?

Mr. SHELDON. Certainly.

Mr. WALKER. Then if a dollar will do more, we will need less; it would have the same effect as making more of them.

Mr. SHELDON. I think it would have a tendency to add to its efficiency.

Mr. WALKER. That increases prices.

Mr. SHELDON. To some extent; yes, sir.

Mr. WALKER. I want to get at just what you mean.

Mr. SHELDON. Any device by which a dollar is made to do more duty than it would do otherwise would have the tendency to a certain extent to increase prices undoubtedly.

Mr. BLAND. I understood that the questions commenced at that end of the table, and I would like to know now how long it will be before it gets around this way. If it is coming here, after awhile I would like to ask some questions; but most of the time has been already taken up.

Mr. WALKER. All the speeches are made on the silver side and all the time has been occupied by that side of the question, and what I want now is to develop the other side.

Mr. BLAND. Go ahead then, we have no objection.

Mr. WALKER. If you are correct, and there is no doubt about it, I believe, anything that would increase the efficiency of a gold dollar, that is the work accomplished by it, would have the tendency to raise prices.

Mr. SHELDON. Certainly, there is no doubt about that.

Mr. WALKER. Have you any doubt? You remember the old custom when you were a small boy, supercargoes were sent out with a vessel, the vessel was loaded when she was sent to the West Indies with what they could sell and they took silver and gold or whatever they wanted to buy the balance of a return cargo with, and he sold the cargo he took out and brought a new cargo back.

Mr. SHELDON. I suppose so, but I am not familiar with it.

Mr. WALKER. You understand now that it is done by telegram and transfers.

Mr. SHELDON. I have no doubt about it. That helps to diminish the strain, else we would have had a collapse long ago.

Mr. WALKER. Is not the efficiency of a dollar compared with forty years ago one hundred to two hundred times increased by the use of the telegraph and transfers?

Mr. SHELDON. I do not think it is near as much as that.

Mr. WALKER. I do not agree with you in your price theory; that is, about its increasing. According to your theory prices now ought to be advanced 5 to 10 per cent.

Mr. SHELDON. Oh, no; I did not say anything of the kind. That is your statement, not mine.

Mr. WALKER. It seems to me it would be by your statement.

Mr. SHELDON. Not at all. If that was all that was done in the country what you say might be true, but it is an infinitesimal thing you are now talking of compared with the great mass of the business of the country.

Mr. WALKER. Let me ask you a question. You say England has its coinage upon a gold standard because it is to the advantage of the English manufacturers and merchants?

Mr. SHELDON. Yes, sir; that is, in a general way; of course there are exceptions to that.

Mr. WALKER. What is it?

Mr. SHELDON. In regard to the India product and product of silver-using nations has this effect at the present time, that in India where they have got to send their silver——

Mr. WALKER. That you have already said in your address.

Mr. SHELDON. Very well, the point is I say it is good as a protective tariff against other manufacturers, and other manufacturers are kicking against it to a certain extent, but the bankers and money men are still in favor of it. There are two parties.

Mr. WALKER. The cost of product from the beginning to end is labor almost wholly; there is no doubt about that; it is from 90 to 95 per cent., taking it altogether.

Mr. SHELDON. Yes, sir.

Mr. WALKER. Then you have to pay in wages paying on a gold basis, then you have to take silver and sell silver for gold in order to pay the cost of that product; they pay their wages in gold and sell their goods in silver. I take a contrary view to that, that no nation in the world was interested in having silver equal to gold as the Englishman, because he has to pay gold wages. He can not pay wages with the silver which he gets from India. He is so much better off by this; is not that so?

Mr. SHELDON. There are two parties there. You have been using the word "they;" what do you mean?

Mr. WALKER. I will say "it." England is England, whether there are one or two parties. I will say "it" has to sell its products in silver and then reduce them to gold. I mean it has to pay its wages in gold and sell the goods for silver, then bring the silver back to gold. It seems to me no nation in the world has so great an interest in making silver an equivalent to gold as England, because their prosperity depends upon the prosperity of England.

Mr. CARTER. Let me ask a question there; is it not true England requires payment of all debts due Englishmen in gold or in an amount of silver or commodity equivalent to the gold value?

Mr. WALKER. That does not make any difference.

Mr. SHELDON. That is the argument you make, but you will keep in mind that the English manufacturer has one interest and the bankers and the money dealers have a separate and distinct interest. The manufacturers do find fault with this matter so far as India goods are concerned, and raised quite a breeze in relation to it. Mr. Smith, of *Manchester*, says it is injuring the manufacturers, but the bankers that

control this matter and the dealers and merchants are all in favor of it.

Mr. WILCOX. And they are benefited by it.

Mr. SHELDON. That is true.

Mr. BLAND. I only want to ask in regard to the question of wages. Is it not a statistical fact that wages are the last things to rise in the rise of a country? I have noticed many statisticians on the subject and I find that it is a fact. I simply wanted to ask you if that is not a fact?

Mr. SHELDON. I think so.

Mr. BLAND. I would ask you what are the sentiments of the workmen in regard to the resumption of the coinage of silver, the restoration of silver.

Mr. SHELDON. I do not know of any considerable number of people, representative workmen, that have studied the question at all that are not decidedly in favor of the resumption of silver.

Mr. WALKER. Are not the bankers and the merchants of this country almost without exception—and is not that also true of England, the directorship and management of the great financial institutions of this country and of England—are not the banks and the manufacturing and mercantile interests all managed by the same individuals and controlled by them?

Mr. SHELDON. I do not see it.

Mr. WALKER. I do.

Mr. SHELDON. Very well; you may know what I do not about that matter.

Mr. BARTINE. Speaking of this matter of wages again. Suppose that your theory be correct that the remonetization of silver will be a good thing by throwing an additional amount of money into the world, would it not, in your judgment, have the effect of stimulating business generally?

Mr. SHELDON. It would have an immense effect.

Mr. BARTINE. Would the stimulation of business, in your judgment, have any effect upon wages?

Mr. SHELDON. There is no doubt about that.

Mr. BARTINE. Is it not in accordance with your observation that the common laborer, as a general thing, is better off in flush times, when prices are high, than when prices are low and falling?

Mr. SHELDON. There is no question about it; they are decidedly better off.

Mr. BARTINE. During the civil war, when prices were greatly inflated by reason of the greenback issue and so on, did you know of any time when the laboring men were better off by reason of the prices than from 1861 to 1865?

Mr. SHELDON. There never was a better time for them.

Mr. BARTINE. Your judgment is, as I understand you from what you have said, that the true solution of the silver problem is absolutely free coinage.

Mr. SHELDON. I have not the smallest doubt of it.

Mr. BARTINE. In other words, in order to have bimetallism perfect the two metals must be put upon a perfectly equal footing?

Mr. SHELDON. Certainly.

Mr. TAYLOR. I would like to ask you what are the main features in the Windom bill which you object to. I do not want a speech.

Mr. SHELDON. I am not going to make a speech, but the main features to which I object are that these certificates are not a legal tender, that is the first thing. The next thing is it provides for the stopping of the coinage of silver dollars altogether. The third thing is that you put

into the discretion of the President and the Secretary of the Treasury the stopping of the exchange and closing of the market in point of fact. These are the provisions I object to.

Mr. TAYLOR. If they will remedy it, would you have any objection?

Mr. SHELDON. I do not know. Those are all that occur to me just now. There are three or four other things—

Mr. TAYLOR. What objection would you have if they were removed? Suppose that the certificates were made a legal tender and the markets of the world were open to the Treasurer to purchase, what objection would you then have?

Mr. SHELDON. The difficulty is this: This would make the condition of affairs a temporary thing. You could not undertake to go on with the piling up of this crude material without making it into money.

Mr. TAYLOR. We do not expect to legislate for the next century.

Mr. SHELDON. This is a temporary matter, and I want to have this matter, as far as I am concerned, settled now once and for all, and not to let matters be temporized with, and have this row going on for the next ten years. There is a further fact, that this discussion of the subject is injurious to business.

Mr. TAYLOR. This is the only generation that we have to legislate for; we have not to legislate for all time.

Mr. SHELDON. We did not have any change in this until 1873.

Mr. BLAND. In regard to making the certificate a legal tender, I understand you to say that the certificate will be made a legal tender for private debts, but could they make it a legal tender for public debt?

Mr. SHELDON. That I have not thought of.

Mr. BLAND. For instance, the bonds of the United States are payable specifically in coin.

Mr. SHELDON. That might be; I have not thought of that.

Mr. BLAND. The bonds of a city are payable in coin.

Mr. SHELDON. That, of course, would be an objection.

Mr. TRACEY. I understand that you do not approve of the Secretary's idea of buying bullion instead of coining dollars.

Mr. SHELDON. I do not believe in that at all.

Mr. TRACEY. You think that is bad in any feature. You remember in Secretary Fairchild's report in 1887 he advocated the purchase of bullion, and the difference between the plan of Mr. Windom is he advocated the issuing of certificates at a valuation of 412½ grains to the dollar simply as a matter of convenience, instead of having large ingots, and put aside his silver dollar. There is a very marked distinction from Secretary Windom's bill and the one Secretary Fairchild proposed. Secretary Windom advocates, as I understand it, the doing away with 412½ grains, so that their plans are very different. Suppose that feature were continued of recognizing the legal-tender value of the silver dollar, would you have any objection to have the bullion?

Mr. SHELDON. I think it is an absurd proposition in any event.

Mr. TRACEY. Do you think it is better for us to coin the silver dollars and store them away?

Mr. SHELDON. We could not do it; it is an absurdity, the whole proposition.

Mr. TRACEY. You are not, I judge, very friendly to the idea of paper money at all, certificates?

Mr. SHELDON. I am not so far as that part of it is concerned. What I want is this, that every individual holding silver bullion should have the privilege to go to the mint and get dollars, and he may take them *away with hi*[illegible]hes, and not to pile up in the Treasury Depart-*ment a vast* [illegible]me.

The CHAIRMAN. It is very near 12 o'clock, gentlemen, are there any other questions?

Mr. MUTCHLER. In reply to a question put you by Mr. Bartine you stated that the laboring people of this country never had such a good time as they had during the war. Was that on account of the inflation of the currency?

Mr. SHELDON. I think partly, that was one of the influences.

Mr. MUTCHLER. Was it not also a factor that a very large number of laboring men who were producers by entering the war became consumers?

Mr. SHELDON. Certainly, that is an element, there is no doubt about that.

Mr. MUTCHLER. Was it not the principal element?

Mr. SHELDON. I think they both worked together, there is no question about that.

Mr. WILCOX. Did the war stimulate the manufacturing business and increase the demand for manufactured goods?

Mr. SHELDON. There is no doubt about that.

Mr. MUTCHLER. And consequently there was a great demand for labor.

Mr. SHELDON. Yes, sir.

Mr. MUTCHLER. Then there was this demand for labor and there was the inflation?

Mr. SHELDON. They were these things put together. You will understand that nothing is influenced by, single things alone without reference to other things.

Mr. BARTINE. Did not the demand for silver and the demand for everything tend to inflate the currency itself?

Mr. SHELDON. It was one of the factors.

Mr. BARTINE. It enhanced the prices.

Mr. SHELDON. Oh, certainly.

Mr. BARTINE. The point I wish to bring out is that everything, labor and everything, got the benefit.

Mr. SHELDON. Yes, sir.

Mr. WILCOX. You stated that the influences you spoke of continued during the war. Did not they continue some time after the close of the war?

Mr. SHELDON. Certainly they did, and there is another element in there—that is, the taking away of so many workmen in the war and bringing them back in the productive industries tended, so far as that one particular was concerned, to reduce wages relatively by taking them away from being consumers and making them producers again. So far as that was concerned that had an influence in that direction.

Mr. WILCOX. Is it not a fact that the principal influence in the increase of wages was the demand for labor?

Mr. SHELDON. Yes, sir; the demand for labor in a measure caused it. There were several things.

Mr. WILCOX. That I am not talking of.

Mr. SHELDON. Certainly; like anything else, the demand and supply makes the two elements in it.

Mr. MUTCHLER. And one of those circumstances was the war?

Mr. SHELDON. Yes, sir; there was a combination of things, there is no question about that.

The CHAIRMAN. Permit me on behalf of the committee to thank you for coming before us, but as our time is limited we will have to stop now.

MONDAY, *February* 24, 1890.

The committee met pursuant to adjournment, Mr. Conger in the chair.

The CHAIRMAN. Mr. Secretary, we are glad you responded so promptly and kindly to our invitation. Of course we desire to get as much information upon this subject as possible. Now, you have given a great deal of study, especially to the measures of your own bill, and the committee will be very glad to have you take your own course in regard to any suggestions you may desire to make, and when you are through the committee, many of them, would like to propound interrogatories to you.

STATEMENT OF HON. WILLIAM WINDOM, SECRETARY OF THE TREASURY.

Mr. WINDOM then addressed the committee. He said:

Mr. Chairman and gentlemen of the committee, I appreciate very highly the opportunity which the committee has given me to appear before you. I want to say, however, I did not come here for the purpose of making an address. I have prepared no speech on the subject. I have no pet theories to advance; no sentimentalism to sustain on this subject of silver. What we need is practical legislation to meet the difficulty of the financial situation, and I prefer to appear here, not as an advocate especially of any measure, but rather to confer with you gentlemen, and to give you my views upon any point you may desire, expressly saying I do not assume to know all about the silver question, but there are some practical questions that occur to us which I am very glad to have an opportunity of considering with you.

This bill which I hold in my hand, Mr. Chairman and gentlemen, was framed to meet, in the best way I could devise, the present financial condition of the country. I have seen it stated that it was framed to defeat something else, and its author did not really believe in it himself. I want in the outset to disavow any such intention, and to state that it was not framed to defeat any other measure. It was prepared solely with a view of obtaining the best possible solution I could devise for the present financial problem.

There are many things about which I think we all agree. In the first place, I believe it is the almost unanimous conviction that, owing to the rapid growth in population and business, and the rapid retirement of national-bank circulation, some sound currency should be devised to take the place of these retired notes and to meet the growing wants of the country. In the second place, I think we all agree that in the United States we must allow the use of both silver and gold as a circulating medium; and furthermore, we all agree that during the last seventeen years there has been a great divergence in the market value of silver and gold. If gold be taken as the measure or standard, then silver has fallen about 28 per cent. in the last seventeen years and over 20 per cent. in the last eleven years. If silver be taken as the measure or standard, then gold has appreciated nearly 40 per cent. in the same time.

Now, as I said in the outset, I have no theories to present on the subject, and I do not wish to take up your time by discussing the question why gold has advanced or silver fallen in value. What I think is of *more importance* on this point is, that there is a very great divergence *which* if possible we ought to remove. My own opinion is that gold

has increased in value and silver has fallen very much in value, but I do not intend to go into the theoretical part of it. This bill was framed, Mr. Chairman and gentlemen, with the hope, in the event of it becoming a law, that a large portion of the difference in value between the two metals might be removed and some ratio might be fixed between them which would nearly equalize them. I do not believe that it is possible to fix any ratio absolutely by which a certain number of grains of gold and silver shall be coined and maintain that ratio so far as this nation alone is concerned; therefore, I have sought by this bill to find some means of establishing and maintaining an equivalence of value between the two metals in our circulation.

I know that a great many believe that if this nation alone will assume to say that a certain number of grains of silver and a certain number of grains of gold shall be a dollar that will make it so. I know we are very strong, very rich, and very powerful, but I gravely doubt whether it is in the power of this nation to do this thing. I believe it is in the power of the commercial nations to do it, but I do not believe that the United States alone can fix a certain ratio and maintain that ratio between the metals. This bill was designed, therefore, to adopt the ratio which the commercial world has adopted, or may adopt, as their value, and to keep it there. And I believe the passage of this bill will give us a currency, stable, sound, expanding with the increasing conditions of trade and the increase of population of the country better than any other method I can devise. If this committee can prepare one that will be more certain to accomplish this result it shall have my most hearty concurrence, as I have no especial pride in any plan, and I am ready to adopt any which will best accomplish these results.

There have been some criticisms of the bill which I hold in my hand and I would like to refer to a few of the points which have been suggested in opposition to it. One is the difficulty in enforcing the provision in the first section to exclude foreign ores, the bill providing, as you remember, gentlemen, that "silver bullion, the product of the mines of the United States, or ores smelted or refined in the United States"—that is, the product of all ores smelted or refined in the United States may be deposited at any coinage mint, or at any assay office of the United States, and be received and provided for as stated in the bill. I have brought with me, and will leave with the committee, with their permission, a section which, if added to the bill, I believe will obviate the difficulty that has been raised by some as to the practicability of excluding foreign silver. Perhaps I might read it right at this point. Before doing so, I will say that my purpose in excluding foreign silver was to obviate the difficulty which a great many people seem to think we will have—I do not think there is so much in it myself—of being flooded with the silver of the old world.

It shall be the duty of the collectors of customs of the United States to stamp with a steel stamp on every bar of silver bullion imported into the United States the word "foreign."

It shall be the duty of every assayer or refiner in the United States, or any other person or firm, who may receive bars of silver stamped "foreign," in case such bars are remelted or refined, to stamp with a steel stamp the resulting bars "foreign."

In case bars of silver stamped "foreign" are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of such foreign silver, it shall be the duty of such assayer or refiner, or other person or firm, to stamp with a steel stamp on an amount of silver bars which shall be equivalent to the amount of foreign silver melted or refined the word "foreign."

It shall be the duty of every assayer or refiner in the United States, or any other person or firm, who may receive cains of silver of the coinage of countries other than the United States, in case such coins are remelted or refined, to stamp with a steel stamp the resulting bars "foreign."

In case foreign silver coins are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of such foreign silver coins, it shall be the duty of such assayer or refiner, or other person or firm, to stamp, with a steel stamp, on an amount of silver bars which shall be equivalent to the amount of foreign silver coins melted or refined, the word "foreign."

Every person who fails to stamp bars resulting from the remelting or refining of foreign silver bullion or foreign silver coins with the word "foreign," and every person who falsely removes this stamp or who by any art, way, or means mutilates the stamp for the purpose of preventing identification of the bars, shall be punished by a fine of not less than $100 nor more than $1,000 for each bar: *Provided*, That nothing in this section shall be held to apply to silver products extracted by the processes of smelting, amalgamation, and lixiviation or any other metallurgical process, in the United States, from ores imported from foreign countries.

Mr. WINDOM. I will leave that with the committee, Mr. Chairman, for its consideration, and if you will excuse me I will feel more at home if you will allow me to keep my seat.

The CHAIRMAN. Certainly, Mr. Secretary.

Mr. WINDOM. This is intended as an additional section in case the committee shall deem it important to have it, but I think that it can be substantially accomplished without it. It will, however, be an aid in carrying out the principle of the bill as provided for in the first section.

I stated in the outset, Mr. Chairman, that I did not intend to make any argument in favor of the principle of the measure I have proposed, for the reason there is not time, and I have already stated in a general way in my report (which I hope you will do me the favor to read) on the silver question all I need to say on the subject. I think it best to take up the time in the discussion of the bill itself, and I want to call attention to some of its features that have been been criticized, and I hope other points will be suggested afterwards which we can discuss together. Another very important objection which has been made to the bill is the discretion which section 6 gives to the Secretary of the Treasury and the President of the United States, or to the Secretary with the approval of the President, to suspend the receipt of silver. I know it has been thought this is a very dangerous discretion. It is supposed to be, as I judge from the public comment upon it, a new power to be given to the Secretary far more dangerous than any heretofore existing. I want to say in reference to that, so far as speculative power is concerned, so far as any inducement to the Secretary to use it for speculative purposes, the powers he now possesses under the existing law are far greater than any contained in this bill.

By this bill there is only one condition under which this discretion can be exercised, and that is in case there may be a combination or speculative manipulation of the markets so as to place silver at an arbitrary, nominal, and fictitious price. In that case he could simply stop the purchase temporarily. Under the existing law the Secretary of the Treasury can either put up the price of silver or put it down. It would be a very easy matter to-day for the Secretary of the Treasury to give notice to some of his friends that, say next month, he will buy $4,000,000 worth of silver; undoubtedly that would temporarily put up the price. He could continue to buy four millions of silver for such a time as necessary for speculative operations, and then give notice that thereafter he w[illegible] buy only two millions per month, and that would probably put [illegible] down. If the Secretary of the Treasury had no fear of public [illegible] had no conscientious scruples as to the discharge of his

duty, if he had no fear of impeachment, he could do this now without any trouble; that is, at least so long as he remained Secretary, which we know no ordinary President would permit if he went into such an operation.

On the other hand, under the provisions of this bill all he could do would be to stop temporarily speculative operations, and he would have to be satisfied they were speculative operations and he would have to satisfy the President, so that he would have to have facts upon which to base his action and those facts would have to be made public. I do not believe there is any danger from this provision. There might be cases in which it would be advantageous to the Government to exercise that discretion, and the only case I have had in mind would be where combined capital, a large amount, should manipulate the market, buy all the silver product it could get hold of and deal out small quantities to a starving market and thereby put up the price, and perhaps accomplish this by purchasing small quantities at fictitious prices in order to make a fictitious market while they were holding back the great body of silver which they had bought for months, and when this fictitious price was worked up, to dump it on the market at the highest price and then let the price drop back again. That is the only thing I want to avoid. That there would be an advance, and a rapid one, in the price of silver if this bill shall pass, I think is quite clear, and it would take place without any manipuation or combination.

It will advance because the people will believe that the absorption by the Government of the entire product of this country of its mines and smelters will consume the surplus and leave a scant market in the rest of the world, and believing that an investment in silver will be profitable they will compete for it, and advance the price. This would be a natural operation and the result of the bill. I have felt it was important to retain this section, and I still think it would be imperative to retain it, if we were taking all the silver offered instead of limiting it to the product of this country. I should be very sorry to have to administer this bill if it opened to the Treasury the entire product of the world without some such provision as this. The bill, however, as prepared, limits it to the product of this country, and while I believe it is better to retain it, I do not believe it is as essential as in the other case. Nor do I believe, Mr. Chairman, that under this section the Secretary would ever be compelled to suspend the operation of the law.

Its deterrent effect upon speculation is in my judgment its great value, because with the section standing as it is these combinations would not be formed, when the Secretary and the President have the power to prevent the result which speculators of that character would hope to accomplish. They would not furnish the amount of money necessary to do it, and I do not think such combinations would be undertaken. It was in reference to its preventive effect rather than any expectation that it would ever have to be used that it was inserted in the bill. I submit the matter, however, so far as the section is concerned, to the wisdom of the committee and to Congress to do as they think wise, with the remark that the present incumbent of the office of Secretary of the Treasury has no desire whatever to have any more power than he has, and certainly no more responsibility than is at present placed upon him in various ways in reference to the finances of the country.

A sentimental objection has been made to the bill—I think it is sentimental—that it makes a commodity of silver, that it degrades it from its use *as a money metal* to a mere commodity; and I have been asked

the question, "If you by this bill make silver a commodity, why not use wheat, corn, iron, steel, or any other commodity?" My reply was that I had inserted in my report an answer to that criticism, but upon re-reading it I had stricken it out because I considered the criticism frivolous; that wheat, corn, and iron had never been made the basis of money in this country or any other civilized nation that I knew of, and that gold and silver had for all time been the money metals of the world; that in using silver in this way as a basis for circulation for money we were not varying materially from the practice of the world ever since commerce began.

I do not think there is anything in the idea that because we may use silver in this way, therefore, we may use anything else. I am a believer in silver; silver and gold are the money metals, and my purpose in this bill is not to degrade silver, but to bring it up as near as we can to its former equivalence with gold. I believe that through hostile legislation, and perhaps through increase of production and other causes, that silver has depreciated, and I do not doubt that gold has somewhat appreciated, but this bill, in my judgment, will restore it substantially to its old ratio with gold. I am sanguine about that, and I submit it to the judgment of the committee. I do not think it is degrading to silver to use it as a basis for money.

I was very much impressed the other day, Mr. Chairman and gentlemen, as I went through the mint in Philadelphia, with the wonderful transformation which suddenly took place. There are, perhaps, a dozen or more processes from the time the silver bullion is first taken up for manipulation in the mint until it is a finished dollar. I had never been in the mint before, and I followed it through all its various processes until it reached the form of a planchet—that is, a milled piece of metal of exactly the size and shape of a dollar, ready for stamping. I found it finally in a little basket, from which a lady sat feeding it through a hopper into a stamp. During all these processes this piece of silver was bullion, worth about 72 cents—the metal, I mean, was worth 72 cents. That piece of metal was put into a little hopper, and the stamp struck it, and in an instant that piece of silver, worth 72 cents, became worth 100 cents, according to general belief. It struck me that the dividing line between the bullion and the coin was very marked and very apparent in that process. I believe it dignifies silver just as much for the Government of the United States to issue upon it, through the Bureau of Printing and Engraving, a stamped piece of paper saying it is worth so much, as it does when that lady feeds it into the hopper, and it runs under that stamp and comes out nominally worth 100 cents.

There may be something in the sentimental idea that if this country will only adopt a policy contrary to the universal judgment of the world outside of it, that we are strong enough to indefinitely transform that 72 cents' worth of metal into a hundred cents and maintain it at any length. But, as I said, I will not go into a discussion of that theory, whether it be true or not; but, for one, I do not believe we can do it indefinitely. I believe that, so far as the advance of silver in price and the restoration of the two metals to the former equivalence of value is concerned, this bill will do it far better than any other proposition that has been made. I believe it will do it far better than \$4,000,000 per month of coined silver would, or even say \$5,000,000 per month, or any other reasonable fixed increase, for this reason: We would, under this bill take an amount probably equal to \$4,000,000 or \$5,000,000 per month. If you coin \$4,000,000 or \$5,000,000 per month—increase the present coinage—you will be met constantly throughout the world with

the objection on the part of a great many people that it is not worth it, and it can not be maintained at that price.

You buy silver for use of the Government precisely as we propose to receive it under this bill. You purchase the bullion and then you coin it. This bill proposes to receive bullion and store it, and issue Treasury notes upon it, but in both cases it is paid for at the market rate. In the coinage process, the financial people of the world generally have an apprehension that you can not indefinitely continue this process, and by the increase you will finally have only the silver standard, and that silver will then be redeemed at its bullion value. I think that apprehension will tend to prevent the enhancement of the value of silver. On the other hand, by this bill I confess I see no period under present conditions when you need stop. I know it is one of the ojections, and perhaps one of the strongest that has been urged against it, that the time will come, perhaps twenty-five or thirty years hence, when we shall have piled up so much of this bullion, and increased the circulation of the country to such an extent, that we will be compelled to stop, and when we do stop there will be a great fall in silver, and that the Government, with this vast amount piled up, will be a heavy loser.

I noticed in some of the English and also some of the Holland papers that the people of Europe are very apprehensive on the subject; I also notice that some of our papers are apprehensive. Now if I could assume, Mr. Chairman, that there would be a great change in the production of silver, that it would be greatly increased, that a radical change in the production of the two metals would take place by reason of the increased price, and if I could assume that we should have no Congress in session to deal with the facts as they arise in the next twenty-five years, and if I could further assume that the nations of the earth are going to treat silver just as they have been doing for the last seventeen years, there might be danger on this point. But I apprehend that we will have a Congress, and that as conditions change there could be changes made to meet them; so I do not apprehend any difficulty on that ground. But some of our friends who are afraid of too much money say, "If you continue issuing notes to the amount of fifty or sixty million dollars a year you will get so much money in the country that it will become depreciated on account of excessive volume."

Let us look at that for a moment. We have now about fourteen hundred million dollars of all kinds of money, according to the best estimates we can make in circulation. I think I stated the sum right [examining book]; it is $1,426,000,000 according to the best estimate we can get for all kinds of money in circulation in this country. I think no complaint is more common than we can not decrease the bank circulation; that money is too scarce in this country; that we have not enough in circulation. The increase of population, if I remember right, is 3 per cent. per annum, and the increase in wealth and business more than that. If you could in any way make a combination of the increase of population and the increase in wealth and business I think you would find it would average much more than 3 per cent. Now, if you add 3 per cent. to the present circulating medium of the country you will have forty-two millions a year, so that if we had an increase of forty-two millions every year indefinitely we would not have any larger proportion of circulation to population and business than we have to-day; therefore I am not apprehensive that an annual increase of orty to fifty millions of sound currency is going to produce any serious detriment to the country.

I may say I think it is what the country needs. If there be any class of people who desire to cheapen money, to have a dollar that is not worth a dollar, this bill offers no inducement whatever to them, and the present Secretary of the Treasury will never present one that does. I believe in maintaining a sound dollar, a dollar which is the dollar of the world, and I think this bill will do it. It will maintain a dollar at its actual value, the equivalent of gold at all times. I do not say that there is a class of people in the country who desire to cheapen the dollar of commerce, but I say if there be any I can not present an argument in this bill that would be of value to them, because it does not do it. I think it will cause an increase of currency in proportion to the population and the growing wealth of the country, and I think in about the proportion that we need the increase.

To refer once more to the statement I made in beginning, that there has been a criticism of this bill that it was designed to defeat some other proposition, and not introduced because it was believed to be the best thing to be done, I want to again disavow any such intention. I am thoroughly convinced myself that it will meet all the needs of the situation, and that it will do it without danger to the interests of the country; that it will absorb the surplus of silver and thereby put up the price of silver. I therefore think, Mr. Chairman and gentlemen, that it will substantially, with such amendments as the wisdom of the committee may suggest, meet the requirements of the situation and do it safely and effectually. I do not now recall any other serious objections that have been made to it, and I will be very glad to discuss it with you gentlemen, knowing you have studied the question. I do not think any bill can be presented that will not be liable to criticism and objection.

The CHAIRMAN. Will you please state if you know any reasonable objection to including gold bullion in the first clause of your bill?

Mr. WINDOM. No, I do not; but I will say——

The CHAIRMAN. I mean gold certificates.

Mr. WINDOM. I have not any objection to it. I will say to you, Mr. Chairman, that that was very seriously considered in preparing the report, and I should have inserted it, except that I preferred to place this question solely and alone as regards silver.

The CHAIRMAN. What objection is there to making the certificates a full legal tender?

Mr. WINDOM. There is an objection in the minds of a great many people, which is well for us to consider. One of the forms of redemption provided for in this bill is a commodity. We must call things by their right names, because until it passes through the hopper and is stamped, it is a commodity. Gold is a commodity in the same way, and there is objection to making any commodity a legal tender. Another objection of a great many people is to making anything except coin a legal tender. I think this bill would encounter a great deal of opposition if the notes were made a legal tender. It is for you to consider whether you think it is advisable to insert the legal tender clause, in view of the fact that one of the forms of redemption may be in bullion as a commodity. We have never gone that far yet in legal tender legislation.

The CHAIRMAN. There is one question in connection with section 5. Will you be kind enough to explain to the committee the real necessity for section 5, which authorizes a suspension of the act when the price of silver exceeds one dollar for 371¼ grains of silver.

Mr. WINDOM. I say very frankly to the committee what was in my mind when that clause was inserted. My wish was to keep it at a ratio, and not let speculation put one above the other.

The CHAIRMAN. Of course if the discretionary clause was left in the bill, we should have practically no use for this.

Mr. WINDOM. I do not care anything about that clause especially. I thought, however, it was safe to put it in.

The CHAIRMAN. Do you believe it is possible for any legislation to keep the price of gold and silver practically together?

Mr. WINDOM. Mr. Chairman, perhaps if you had asked that question before I studied this bill and became enamored of it, I might have expressed some doubt, but I am thoroughly convinced that it will attain the object sought.

The CHAIRMAN. But it never has yet been kept together.

Mr. WINDOM. No, sir, because a fixed number of grains have heretofore been adopted as the amount; this does not adopt any fixed amount but takes the world's daily adjustment of the relative value of the two, and that is one thing in which I think the great merit of this bill consists. It adopts the world's daily or weekly adjustment of the relative values and keeps it there.

The CHAIRMAN. What would be the effect upon the carrying out of the law if the amount which the Secretary might receive was limited to any particular amount per month?

Mr. WINDOM. I think one of the results would be some little inconvenience in regard to the adjustment of the amounts to be received at each place. It would only be inconvenient.

The CHAIRMAN. What would be the effect if the amount received each month was limited by law? For instance, if you were prohibited by law from receiving more than $4,000,000 or $5,000,000 per month.

Mr. WINDOM. I think a limitation of that kind would operate against the enhancement of the value of silver as any limitation might leave a surplus. There is a limit in this bill, it is true. It is limited to the product of this country. Right there let me diverge and mention a point which I overlooked before. It has been urged against this bill that it was wholly in the interest of the silver producers, that it was a bill gotten up to provide a market for the product of the mines of this country. Now, Mr. Chairman, that was not alone the motive of the bill. I believe in advancing, in aiding all the products of this country so far as we can; but this bill was not framed solely nor chiefly in the interest of silver producers. The wheat raisers of the country, for instance, are far more interested in it than my friend from Montana, or any other silver producer. I believe that our wheat farmers and other farmers who compete with the products of foreign countries which are on a silver basis, are more interested in the enhancement of the value of silver, than the silver producers themselves.

Our product of silver is about 45,000,000 ounces a year. Suppose you increase the value of that 28 per cent. you will add ten to fifteen millions to the value of the product. Our cash product of wheat will be enhanced in value ten fold more than our silver product.

The CHAIRMAN. In your judgment, could the object sought to be obtained by your bill be achieved if you received the bullion at its market price, issuing certificates at the market price, redeemable in silver dollars instead of redeeming them in bullion as your bill provides?

Mr. WINDOM. I should doubt it very much, and I would think that the silver producers would not want that.

The CHAIRMAN. Why do you doubt it? Why would it not attain the object sought by your bill?

Mr. WINDOM. To redeem wholly in silver?

The *CHAIRMAN*. In silver dollars.

Mr. WINDOM. Because it would not maintain the ratio which I want to maintain between silver and gold.

Mr. WALKER. Maintain or appreciate?

Mr. WINDOM. It would not appreciate and it would not maintain it.

The CHAIRMAN. You do not think that would have the same tendency to bring the two metals together as the proviso of your bill?

Mr. WINDOM. I do not; and I should think that the silver producers of the country, and the people who want to see silver advanced, would not want it, because you compel them to put into the Treasury an amount of silver that the world would pay 100 cents for and to accept in redemption what at present the world would pay but 72 cents for—outside the United States, I mean. I want to get a currency that will be good wherever the credit and wealth of this nation are known and recognized. I believe my plan would do it, and I do not think the other would.

The CHAIRMAN. Does any other member of the committee wish to ask the Secretary any questions?

Mr. CARTER. In regard to section 5 I want to ask a question. "That when the market price of silver as determined by the Secretary of the Treasury shall exceed $1 for 371.25 grains of pure silver, it shall be the duty of the Secretary of the Treasury to refuse to receive deposits of silver bullion for the purposes of this act." What would be the objection to coining it in dollars as far as the bullion may be presented?

Mr. WINDOM. For coining?

Mr. CARTER. Yes, sir.

Mr. WINDOM. You mean so far as it is the same bullion that may be presented?

Mr. CARTER. Assuming free coinage practically at the standard specified by the section.

Mr. WINDOM. You mean free coinage in part where it is the same silver.

Mr. CARTER. I mean the same class of bullion received.

Mr. WINDOM. I should have no objection myself to coining it when it reaches that point, so long as it remains at that point.

Mr. CARTER. And stop the coinage and issue certificates when it drops below?

Mr. WINDOM. I should have no objection myself. I am really a strong friend of silver, but some of my friends do not think so.

Mr. BLAND. I understand your bill assumes that gold shall be the measure of value.

Mr. WINDOM. It does assume that. It is the measure.

Mr. BLAND. You would purchase it at the gold valuation without any fixed ratio. That is to say, that the value of silver bullion as measured by gold would be the price at which you purchase it.

Mr. WINDOM. I would purchase it at the world's price for silver, and they measure it by gold; yes.

Mr. BLAND. Then your objections to coining silver after purchasing it, to make certificates redeemable in coin instead of bullion, would be that it would not conform to that theory in the bill?

Mr. WINDOM. I do not think it would.

Mr. BLAND. That is, to this gold theory?

Mr. WINDOM. I do not think it would. That is, I do not think it would keep the two metals together, and that is the great objection.

Mr. BLAND. What I mean is you have fixed the coining of gold at so many grains constituting a dollar, 25.8 grains.

[Mr. W]INDOM. That is the world's recognized gold dollar.

Mr. BLAND. I understand your bill is wholly framed upon the proposition that gold shall be the sole standard of value.

Mr. WINDOM. That is the world's standard to-day, as I understand it.

Mr. BLAND. It is part of the world's standard.

Mr. WINDOM. It is the standard of the commercial and financial world generally. There are nations that have not adopted it, but I propose to bring the silver up to that value, as I think they would.

Mr. BLAND. By section 5, I understand that if silver bullion should reach the value of 412½ grains with gold 25.8 grains in the market, you would be willing to open the mints to the unlimited coinage of silver at that ratio.

Mr. WINDOM. Certainly I should have no objection to converting the silver into that coin so long as it remains there, as I think it would remain there.

Mr. BLAND. Suppose the gold should get below the silver?

Mr. WINDOM. Or silver should go above gold?

Mr. BLAND. I take it for granted that your bill is upon the theory that gold is a measure of value. Suppose that silver should go above gold; in otherwords, that 25.8 grains of gold are fully three per cent. below the value of a silver dollar?

Mr. WINDOM. What is the question you base upon that?

Mr. BLAND. The question is that in the event 412½ grains of silver should be worth 3 cents more than 25.8 grains of gold, what then would become of gold?

Mr. WINDOM. I am perfectly willing to coin the silver then, but it will not be coined because it will be worth more as bullion, and it will not be coined at all.

Mr. BLAND. You do not wish to alter the value of a gold dollar by raising; in that event you would not desire any change in our monetary system so as to require an increase in the value of the gold dollar or decrease in the amount of the silver dollar.

Mr. WINDOM. I do not think that that condition will arise, and if it does there will then be time enough to meet it.

Mr. WALKER. Why should you not treat the gold if silver goes to that point as the silver is treated now?

Mr. WINDOM. I do not understand you.

Mr. WALKER. The point is, why not treat the gold when silver goes that point precisely as silver is treated now?

Mr. BLAND. That is what I am asking.

Mr. WINDOM. I am entirely willing to treat it——

Mr. BLAND. Our bonded national debt, and I think probably a large amount of our State and county debts and railroad debts, amounting to probably many millions of dollars, are made specifically payable in coin. Now, by your bill I do not see how silver can be utilized to liquidate any payments, because it is based entirely upon certificates.

Mr. WINDOM. You think the certificates could not be used.

Mr. BLAND. That is the question. Do you think you could make it a legal tender if it is payable specifically in coin?

Mr. WINDOM. That is a law question. I think there would be no difficulty if silver were now a legal tender in payment of those debts. I do not think there is any difficulty in this bill in paying debts, because you can take the certificates and get silver dollars and pay it in that way; so there would be no serious trouble, that is, if they are now payable by silver coin.

Mr. BLAND. What is your opinion on this subject?

Mr. WINDOM. That is wandering.

Mr. BLAND. I do not think it is. I think that is a very important question.

Mr. WINDOM. I should want to look at the law.

Mr. BLAND. If they are really payable by law in silver dollars it is a very important question.

Mr. WINDOM. If they are payable in silver dollars, Mr. Bland, now, under this bill the notes could be presented and they could be paid in silver dollars still.

Mr. BLAND. But your bill does not provide for the coining of silver dollars, except in the event of certificates, which are issued at a gold valuation. That is to say, the amount of silver certificates or Treasury notes that would be put in circulation and be utilized for the payment of these debts would be limited to the amount of bullion at its gold value as much as the value of 412½ grains.

Mr. WINDOM. I should have no objection, then, for authority to coin as much as necessary to meet demands.

Mr. LEECH. The bill itself provides that that should be done.

Mr. BLAND. You could only coin the amount of bullion.

Mr. WINDOM. I think Mr. Leech is right about that. As I understand your point, it is, suppose there are not enough silver dollars to meet the demand in case a large amount should be required for payment of these obligations. Assuming they are payable in silver, you ask, as I understand it, where we are going to get silver dollars to meet them. As fast as silver dollars are used in the redemption of the notes we can coin silver to take the place; so under the bill we will always have silver dollars enough to meet these requirements.

Mr. BLAND. The point I make is this: If these debts are payable in coin and 412½ grains is a legal coin to pay, you compel the payment in 420 grains of silver instead or 412½ grains of silver, because you measure your purchase of silver by the gold value, and by that means you fail to get as much silver into circulation, or as much silver coin, as you would with free coinage at a fixed ratio.

Mr. WINDOM. I do not see that. We assume now that these large debts are payable in silver coin, and there will be a very large demand for silver coin to meet them. This bill provides for supplying any amount of silver dollars necessary for that purpose, for as these notes are redeemed in silver coin, we have the right to supply its place by other coinage, so you will have the same as now.

Mr. BLAND. The basis, however, of this amount that is to be redeemed is fixed by a gold valuation.

Mr. TRACY. I think that is a point the public is not very clear about.

Mr. WINDOM. I do not know that I am very clear what the question means. It may be that I am a little obtuse.

Mr. TRACY. A person going with bullion to get certificates for his bullion would not get as many dollars as if he took silver dollars.

Mr. WINDOM. Of course he would not; but he would get as many as he does now.

Mr. TRACY. You say he gets as many dollars as now?

Mr. WINDOM. Yes, sir. Not as many as he would get under free coinage, but as many as he would now.

Mr. BLAND. Of course, I compare this to free coinage, and in that view I take the ground that any limitation upon the coinage of silver is a limitation upon the payment part of debtors and creditors that the law gives them in respect to coin payments especially.

Mr. WINDOM. Then would it not be better, Mr. Bland, to reduce the *intrinsic value*—that is an offensive word to some gentlemen, I know—*would it not* be more easily paid if it got down to 50 cents?

Mr. BLAND. That is the proposition. We might reduce a gold dollar to conform to the silver dollar if we change the ratio at all. Now, I understand the proposition of this bill is to purchase bullion produced from our own mines and exclude the foreign production of silver. What effect do you think that would have upon the value of silver? In other words, would not the silver you produce here be regulated by the value of silver throughout the world?

Mr. WINDOM. Yes, sir.

Mr. BLAND. And would not the limitation upon the purchase of the silver of the world necessarily depreciate it and continue its depreciation?

Mr. WINDOM. One of the laws of trade is that whenever a useful commodity becomes scarce it increases in value, and as we would absorb more than the entire surplus, according to the ordinary laws of trade, the price of silver would go up.

Mr. BLAND. That is very true. Silver, I grant, would probably appreciate somewhat under your bill. I understand your theory and idea is to bring silver to a par with gold and maintain it, but I say how can that possibly be done as long as you place a limitation upon this and limit it to our own mines, excluding all other silver from foreign mines, and the market price at which you purchase it is to be governed by the prices abroad? How can it reach a parity with gold under a system of that sort?

Mr. WINDOM. I am not sure it will reach par, but I believe it will bring them as near as any other possible scheme, and I think it would do it before a very great while. Under the ordinary laws of trade, if you absorb the surplus and the demand for silver continues for India, China, the arts, etc., and this demand not being supplied as it was when there was a surplus thrown upon the market, it will appreciate in value.

Mr. TAYLOR. How much silver do we export?

Mr. WINDOM. About 25,000,000 ounces a year.

Mr. TAYLOR. It would take that amount?

Mr. WINDOM. Yes; it would reduce the amount on hand that amount.

Mr. BLAND. I understand you claim to take simply our own production and that will bring the two metals practically at a par.

Mr. WINDOM. I think the tendency would be to do that.

Mr. BLAND. Do you think it would do it?

Mr. WINDOM. I believe so.

Mr. BLAND. What would be your objection to free coinage?

Mr. WINDOM. There are so many objections to free coinage, and as my bill does not provide for free coinage, and I am not speaking in regard to that——

Mr. BLAND. Certainly if we coin $50,000,000 worth of silver, which you say might be done safely, and it ought to be done, would bring them to a par, I do not see what danger there can be in free coinage.

Mr. WINDOM. The danger in free coinage—but it is not necessary for me to go into that, as I know your arguments, and you know mine, and there is no use to rehash that old subject.

Mr. BLAND. I think that if the mining of our product will tend to bring them to a par, certainly free coinage would.

Mr. WINDOM. I think free coinage would reduce the value of silver below what it is now.

Mr. WALKER. Immediate free coinage?

Mr. WINDOM. Yes; immediate free coinage. I believe it would reduce the value of silver below where it is now.

Mr. TRACY. You have pretty near free coinage when you get gold and silver at nearly the same value under this bill, Mr. Bland.

Mr. TAYLOR. How is the price of silver fixed?

Mr. WINDOM. It is fixed by the market of Europe and this country.

Mr. TAYLOR. London?

Mr. LEECH. It is fixed by the price in London received daily by cable and the rate of sight sterling exchange between New York and London. In that way we fix the price in New York.

Mr. TAYLOR. How would there be any danger of silver going abroad if you pay the same price here as in London?

Mr. WINDOM. I should not want to risk that. I think the danger is if we open it to the world, that a combination with large capital might buy up all the silver product of the world, and that they would then withhold it from the market, until by starving the market in Europe, and by their own manipulation they would put the price up beyond what it ought to be, to a fictitious price, and in the mean time hold the great body of it here, and when they had worked it up to a very high price, they would dump it upon the treasury. To answer the question a little more directly: the reason for sending it here instead of putting it on the London market is, if they put a large amount on the London market they would depreciate the price. They could put any amount of it upon the treasury and not depreciate it, because we must take it at the market price. Hence they may withhold it from that market and keep it for this market.

Mr. WALKER. That is, in one market it would be distributed, and here it is not distributed.

Mr. WINDOM. Yes, sir.

Mr. TAYLOR. What is the production of this country?

Mr. WINDOM. About 45,000,000 fine ounces.

Mr. BLAND. About 60,000,000 coinage value. That is our mines.

Mr. WINDOM. Yes, sir.

Mr. BLAND. What is the proportion used in the arts?

Mr. WINDOM. About 5,000,000.

Mr. TAYLOR. You would expect to get about 45,000,000?

Mr. WINDOM. Forty-five millions; for I think there will be some little increase in it. Mr. Carter, would the increase of the price increase the product of the mines?

Mr. CARTER. I presume there would be some increase, but I do not think it will be any more than would follow from the ordinary growth and development of the country.

Mr. TAYLOR. What proportion of silver coin enters into circulation now?

Mr. WINDOM. It is largely by certificates. It is represented by certificates.

Mr. TAYLOR. I mean coined silver dollars.

Mr. WINDOM. We have about $60,000,000 I think actually in circulation. I speak from memory. Mr. Leech, here is my memorandum book. Is that right? [Addressing Mr. Leech.]

Mr. LEECH. That is right.

Mr. TAYLOR. That includes the dollars going in circulation.

Mr. WINDOM. We have about 60,000,000 of the actual dollars.

Mr. TAYLOR. I understand you buy two millions a month and issue certificates——

Mr. WINDOM. No; we buy it as we buy anything else. We pay for it by check.

Mr. TAYLOR. How much does it increase the circulation?

Mr. WINDOM. I should think the bill would increase the circulation in the neighborhood of $50,000,000 a year.

Mr. TAYLOR. It would not increase that much, because you are putting $2,000,000 a month in circulation now.

Mr. WINDOM. Oh, yes; it would increase about $25,000,000. We increase now by coinage about $30,000,000.

Mr. BLAND. The coining of 4 millions a month under our present law would increase our circulation to somewhere over 58 millions.

Mr. WINDOM. Yes, sir.

Mr. MUTCHLER. I think I understood you to say that free coinage, or the coinage under your bill, would increase the value of products especially——

Mr. WINDOM. I did not say it would with free coinage; but I think it would under this bill.

Mr. MUTCHLER. Especially the agricultural products. Why would that be so? Would it be because there would be an inflation of the currency, because the currency would be appreciated?

Mr. WINDOM. I think our farmers labor at a disadvantage with countries, say India, where silver is the standard, and where prices have not increased, as I am informed, on account of the depreciation of silver. If we sell at all we must sell in competition with them, and their products and ours in the market of Liverpool, for instance, fix the prices, and our people work at a disadvantage on account of the fact that this price is so much reduced there by the depreciation of silver.

Mr. MUTCHLER. Is it your opinion, then, that it would increase the products of the farm, or not?

Mr. WINDOM. You mean increase the value?

Mr. MUTCHLER. Increase the value of the farm products.

Mr. WINDOM. I think it would increase the value of all products in this country that come in competition with the products of countries upon a silver basis, whatever they may be. I mention wheat, because that is one of our greatest products. I do not think this would be done by free coinage.

Mr. BLAND. Why not?

Mr. WINDOM. You do not keep any equality between the values. You say, in the face of the world, "We can keep it alone." You simply say that if *we* call this piece of metal a dollar it will be a dollar, regardless of other nations.

Mr. BLAND. What do you call a dollar?

Mr. WINDOM. I adopt what the world calls a dollar.

Mr. BLAND. If we are to be confined to one standard, I suppose your theory is probably correct, but in the bimetallic system you have got to have a ratio.

Mr. WINDOM. I know that some of you gentlemen can talk by the week in regard to what a dollar is.

Mr. MUTCHLER. Suppose you exercise your discretion and coin 4 millions a month for the next year or two; would that have a tendency to increase the value of products?

Mr. WINDOM. Temporarily; but to injure them in the end.

Mr. MUTCHLER. You would then be consuming more than the entire product of the country if you coined 4 millions a month.

Mr. WINDOM. I believe now you are getting into the domain of prophecy.

Mr. MUTCHLER. I think it is——

Mr. WINDOM. I do not object to the question; but I say you get into the *domain of prophecy*. I think temporarily it would enhance the

price of the products; but as to what would be the result in the end, I think it would injure prices.

Mr. MUTCHLER. As I understand it, the principal object of your bill is to give Mr. Bland an honest silver dollar.

Mr. WINDOM. I do not use the word "honest," because that might be offensive to Mr. Bland.

Mr. BLAND. If nothing but a gold dollar is honest, you are correct.

Mr. WINDOM. I do not say that, and I do not believe I have so declared.

Mr. TRACEY. Here is an article which I picked up this morning. This is something which I presume came in the mail to every member of the House. It says you propose for every 412½ grains of silver deposited with the Government a certificate shall be issued. That is not a correct statement.

Mr. WINDOM. No, sir; I remember receiving a copy of this some time ago.

Mr. TRACEY. I just happened to pick up one before coming here.

Mr. WINDOM. I dictated a note to the author when I received his letter, stating I hoped it would not be any inconvenience hereafter in analyzing my silver bill to know what it was, therefore I sent him a copy.

Mr. BARTINE. As I understand you, two or three times you spoke of your bill as being substantially a proposition to purchase silver bullion. Do you so regard it?

Mr. WINDOM. In one sense it is a purchase, in another it is not.

Mr. BARTINE. Would you have any objection to having the phraseology changed so as to make it an absolute purchase and to prevent the withdrawal of bullion?

Mr. WINDOM. I should, because that is contrary to the principle of the bill.

Mr. BARTINE. Of course I see your object, but what strikes me in connection is this, and if you would explain it I would be obliged to you: A simple deposit, it seems to me, in the Treasury would not be a withdrawal of bullion from the market in such a sense as it would be a withdrawal in the case of its being purchased, and it seems to me, having a great mass of bullion piled up in the Treasury subject to withdrawal might be considered being held *in terrorem*, so to speak, over foreign mints and have a tendency to prevent them opening for free coinage.

Mr. WINDOM. I believe under this bill there will be little withdrawal of silver. I do not think there will be any except by persons who want to use silver in the arts. Nobody would have a motive for withdrawal.

Mr. BARTINE. Suppose you issue notes against it and not make the notes redeemable in bullion but make them redeemable in——

Mr. WINDOM. Make them redeemable in something else?

Mr. BARTINE. Make them redeemable, say, in lawful money.

Mr. WINDOM. The objection I have to making them redeemable in lawful money is summarized in my report. My objection to it is that you pile up a large amount of silver and can not use it for the very purpose for which it was taken, that is, the redemptinn of the notes upon which it was issued.

Mr. BARTINE. You think the tendency of this bill as you have it prepared is to bring silver to a par with gold, and that I understand is upon the theory it would withdraw from the markets the surplus.

Mr. WINDOM. And keep it withdrawn.

Mr. BARTINE. Would not free coinage have the same effect in a better degree?

Mr. WINDOM. I do not think it would, because free coinage would simply put us upon a silver basis. Our prophecies have been fallacious, I admit, in that respect; but I still firmly believe, as the prophets did when Mr. Bland's bill first passed, that that time is not very far distant.

Mr. BARTINE. If the purchase of silver at a market price of from 95 cents to $1 has a tendency to bring it to a par with gold, would not the purchase at $1.29, practically the effect of free coinage, have a stronger tendency?

Mr. WINDOM. It is not a purchase at all.

Mr. BARTINE. It results the same way.

Mr. WINDOM. No, sir; it simply says that everybody who had 72 cents in silver, by bringing it to the mint and dropping it into the hopper and having it stamped, makes it worth 100 cents, which I do not believe.

Mr. BARTINE. As far as the producer is concerned, if a man should take bullion and immediately have it coined at a ratio of sixteen to one, he is getting $1.29 and a fraction for the silver.

Mr. WINDOM. That is, so long as that dollar holds its value. In other words, the Government takes what is worth in the markets of the world about 72 cents and gives to the man that which is said to be worth 100 cents.

Mr. BARTINE. Do you think that the bimetallic ratio was maintained by France as long as free coinage was maintained——

Mr. WINDOM. I beg your pardon; I did not hear your question.

Mr. BARTINE. Do not writers upon monetary matters state that the bimetallic ratio of fifteen and a half to one was maintained by France as long as she kept the mints open?

Mr. WINDOM. Why, it stopped because it could not be maintained any longer.

Mr. BARTINE. Perhaps you are mistaken upon that.

Mr. WINDOM. If the leading nations will recognize this ratio it can be maintained again, but the trouble is to get them to do it.

Mr. BARTINE. France did this substantially alone up to 1873, and there was no departure of value.

Mr. WINDOM. She was not alone; she had the states of the Latin Union.

Mr. BARTINE. But they only came into the arrangement a few years before 1873.

Mr. WINDOM. Before 1873 there was no trouble; all the nations of the world recognized this, but circumstances have changed since then.

Mr. BARTINE. But bimetalism was not maintained generally; some were upon a silver basis and some upon a gold basis.

Mr. WINDOM. But all recognized the ratio.

Mr. BARTINE. Was it not the fact that it was maintained by France that made the other nations recognize the ratio?

Mr. WINDOM. No, sir; I do not think it did. Up to 1871 Germany was——

Mr. BARTINE. Germany was on a silver basis solely.

Mr. WINDOM. She coined silver. They maintained it at that price because there was an agreement of a sufficient number of commercial nations to do it. If you can get such an agreement to-day I will join heartily in it. But I do not believe it can be done.

Mr. BARTINE. Then all we lack is free coinage in France and the states of the Latin Union to put us back where we were before.

Mr. WINDOM. I do not know; Germany has a larger business now.

When we demonetized silver in 1873 we were supposed to be on that basis then, and all recognized a certain ratio. Now, if we could go back I will join you, but I do not think we could get back to that basis at present.

Mr. BARTINE. Do I understand you to say you would not object to the provision Mr. Carter suggested providing for free coinage when the market price of silver shall exceed one dollar for three hundred and seventy-one and a quarter grains of silver, when that was reached?

Mr. WINDOM. So far as the silver taken by this bill is concerned——

Mr. LEECH. Mr. Carter's question was if silver should advance to the ratio of sixteen to one, would you receive it after that and coin it?

Mr. WINDOM. So long as the ratio was maintained.

Mr. WALKER. How much has silver advanced in the last sixty or ninety days?

Mr. WINDOM. Mr. Leech can tell you.

Mr. LEECH. It advanced 2 cents an ounce, but it has dropped off again. It was worth Saturday about 96 cents per fine ounce.

Mr. CARTER. It has gone back.

Mr. LEECH. It went down to about 95.

Mr. WALKER. Objection has been made to this bill because it is simply a warehouse receipt.

Mr. WINDOM. That is not true.

Mr. WALKER. I want to know if that answers any more perfectly to a warehouse receipt than a gold certificate does?

Mr. WINDOM. Not that I am aware of.

Mr. WALKER. That is to say that, practically, money redeemable in gold is a warehouse receipt?

Mr. WINDOM. Certainly it is, and I do not know either why silver certificates are not warehouse receipts. We hold and store the silver and issue that receipt for them.

Mr. BLAND. If you will excuse me, I would like to suggest that a certificate for gold is based upon a metal that has free coinage, and a silver certificate is based upon a kind of commodity, and if silver bullion can not be coined you can not call it anything else. There is a vast distinction between coin and making it a commodity.

Mr. WINDOM. These Treasury notes are made payable in gold or bullion and redeemable in silver dollars, and in the other it is redeemable in the thing deposited, so I think there is a difference between that and a warehouse receipt, decidedly.

Mr. BLAND. I see the word "specie" was used in the national-bank note act and also "coin." What is the difference between specie and coin; are they synonymous?

Mr. WINDOM. They are synonymous.

Mr. LEECH. In shipments abroad, specie generally includes bars; specie is the general name for all kinds of metallic money.

Mr. BLAND. So it includes bars and the word "coin," does not; that is the difference?

Mr. LEECH. Yes, sir.

Mr. WALKER. Now, Mr. Secretary, you speak of seeing a piece of silver you described going through a process which was only worth 72 cents, and after it was stamped it was worth 100 cents. Did you ever see a piece of paper go through a process and after it was stamped it was worth a dollar?

Mr. WINDOM. No, sir, I never saw greenbacks printed.

Mr. WALKER. But it is done the same way.

Mr. WINDOM

Mr. WALKER. That is to say, the difference between silver that is made a dollar and a piece of paper that is made a dollar is, silver is worth 72 cents and the piece of paper is probably worth a quarter of a cent.

Mr. WINDOM. That is if there is nothing behind the paper. I am much obliged to you for the suggestion.

Mr. WALKER. It is a matter of record. Speaking of the bill being made a legal tender, why could not other countries be compelled to pay gold exchanges on their imports?

Mr. WINDOM. I think these notes would be better if they are receivable for customs; I do not think that a foreigner can get these notes for anything less than the equivalent of gold, so he is compelled to pay in gold.

Mr. WALKER. If we should make these certificates legal tender we ought not to allow those governments who only maintain a gold standard to have the advantages that may arise from our double standard——

Mr. BLAND. You are talking about imports.

Mr. WALKER. I want to see what the Secretary has to say in regard to this.

Mr. WINDOM. I would be entirely willing to have our duties payable in gold, but I am afraid it would detract from the value of these notes if they are not made receivable for customs. I do not think there is any danger of using them in that way, and I doubt very much whether you would not encounter a very serious obstacle in making them a legal tender.

Mr. WALKER. I am willing to go further than the bill, as far as I am concerned, and I am not a bimetallist. I think it should be made a legal tender except for customs receipts. I put it entirely in the way I suggested it to you, and I wanted to know what you thought in regard to it.

Mr. WINDOM. I do not believe we would have any trouble in obtain-all the gold needed. There would be no inducement to those who pay duties to use these Treasury notes rather than gold, because they have to pay the equivalent of gold under the theory of this bill, and as the notes could not be any cheaper than gold, there would be no advantage to them.

Mr. WALKER. I think it is a bad policy to concede anything to those governments who maintain a gold standard only.

Mr. BLAND. Do you assume that foreigners pay the duties on their imports? I think we have to pay them ourselves.

The CHAIRMAN. We will confine our interrogatories to you, Mr. Secretary; you are the one from whom we would elicit information this morning. Is there any other gentleman who wishes to ask any questions? If not I would like to ask you what effort the Department has made to get silver dollars into circulation; what your method is?

Mr. WINDOM. Mr. Leech has been in the Department a great while and is perfectly familiar with that, and I hope you will permit him to answer.

Mr. LEECH. We ship to any one who asks for them in sums of $500 and multiples thereof free of cost, that is laid down at their doors.

The CHAIRMAN. That is understood by the banks throughout the country.

Mr. LEECH. Certainly, it is well understood by all the people of the country. In addition to that, we pay them out at the Treasury in the *shape of certificates.*

The CHAIRMAN. How then does the silver get back?

Mr. LEECH. After the trade movement of the crops is over and the farmers no longer need silver dollars they accumulate in the banks and are shipped back to the sub-treasuries, and they get certificates for them.

The CHAIRMAN. The silver only comes to the sub-treasury from the large trade centers.

Mr. LEECH. I speak as a rule; that is the general method by which it comes back. Of course, you and I, or anybody, could go into the assistant treasury and deposit ten silver dollars, or any multiple, and get a certificate for it, but as a rule they come back in the way I have mentioned.

The CHAIRMAN. If a banker in Wyoming or Nebraska wants a lot of silver dollars what does he do to get them?

Mr. LEECH. He sends a certified check, and as soon as we collect the money we send the dollars by express.

The CHAIRMAN. And you pay the express?

Mr. LEECH. We pay the express, whatever may be the express charges.

The CHAIRMAN. So it costs the banker who desires silver nothing to get it.

Mr. LEECH. Absolutely nothing.

Mr. TRACEY. Do you pay for the return of the silver dollars?

Mr. LEECH. No, sir; not for the return.

Mr. TRACEY. Does not the bank send them to you at the expense of the Government?

Mr. LEECH. No, sir; not for bringing them back. Of course if we wanted to bring them from an assistant treasury or mint to the Treasury of the United States we pay the express charges; that is, if we move the coin from one Government depository to another.

The CHAIRMAN. That is confined to silver coin.

Mr. LEECH. To silver coin.

The CHAIRMAN. Do you pay for gold coin?

Mr. LEECH. No, sir; they pay the express charges.

The CHAIRMAN. Do they pay for nickel?

Mr. LEECH. All the minor coins are shipped free; everything but gold.

Mr. BLAND. Just one proposition in connection with Mr. Bartine's question about this paying out bullion on certificates; whether or not that would not necessarily be a bar to speculation itself. Suppose the speculator gets certificates and draws out a large quantity of bullion and holds it for a rise in the market, and by taking advantage of the rise he will get the difference from the Government. That would not exist if it is redeemable in bullion or in coin?

Mr. WINDOM. I expected that objection to it, and I have considered this question in my report, and it was the reason why I gave the option of paying in gold, so that speculation might easily be prevented.

The CHAIRMAN. Mr. Secretary, would it be impossible under the present law for the country to avail itself of the use of silver certificates if silver coinage was made absolutely free? I understand you to say that silver certificates are a real benefit now to the country, because they are used for silver because there is little silver in circulation.

Mr. WINDOM. I suppose if the law permitted the exchange of silver for certificates [illegible] fter we could exchange them still. And this bill *provides tha* [illegible] coin bullion into silver dollars for the purpose *of replacing* [illegible] in redemption.

The CHAIRMAN. One question. Under your bill you provide for redeeming these certificates in silver dollars at the optien of the holder. Would it be possible to exhaust the silver in the Treasury at any time by presentation of a very large amount, so that you would not have an opportunity under the provisions of this bill to coin silver to replace it?

Mr. WINDOM. I do not think it would. We could always keep an amount on hand sufficient to meet any demand. I do not think there would be any trouble in that regard.

The CHAIRMAN. If it were possible to present to you, say, three hundred million dollars of silver?

Mr. WINDOM. We should not possibly have that.

Mr. BARTINE. You would be in the same fix as the greenbacks.

The CHAIRMAN. Suppose you make an addition of $200,000,000 of silver certificates redeemable at the option of the holder, then you would have $600,000,000 of silver certificates out and only about $350,000,000 to redeem them in.

Mr. WINDOM. That is true; but I can not conceive of any practical difficulty on that account. The reason I inserted the authority or permission to redeem on the demand of the owner in silver dollars was based upon the argument like this of my friend: Suppose we issue a large number of Treasury notes, and suppose there came a depression or panic, and people who had these certificates wanted to pay their debts with these certificates and creditors would say they are not legal tender; therefore I would make them redeemable in silver dollars and they are legal tender. I think it would help to make a use for the silver dollar, and as I said to Mr. Bland, I am friendly to the silver dollar, and I want to help it as much as I can. I do not apprehend the slightest trouble in this regard, however.

Mr. WALKER. I suppose in regard to these certificates, in regard to their being redeemed at once, it will be just about the same time when everybody takes the same train at the same hour.

The CHAIRMAN. The hour for the meeting of Congress has arrived and we have no permission to sit during its session.

Mr. MUTCHLER. I would like to ask one or two questions. Is it your judgment that there can not be such a thing as too much money in the country?

Mr. WINDOM. I have never had any apprehensions of it, if it is absolutely good money.

Mr. MUTCHLER. In your judgment there can not be such a thing as being too large a volume of currency in the country.

Mr. WINDOM. I do not think there is any practical danger of that if it is kept absolutely good.

Mr. MUTCHLER. Will not too much money inevitably tend to depreciate it?

Mr. WINDOM. I think it would.

Mr. MUTCHLER. When there is more than necessary?

Mr. WINDOM. Yes, I think it would.

Mr. MUTCHLER. Is not there danger under your bill, where $40,000,000 of silver is received a year, there might be too large a volume of currency brought in?

Mr. WINDOM. I do not think so, for the reason I stated awhile ago, that the increase of currency has not kept pace with the growth in population and business of the country. The increase of currency would not be as great as they would be, and I think the demand would be equal to the supply.

Mr. MUTCHLER. Is it true the amount of money per capita is continually decreasing; that is, it is necessary now that we should have as large an amount per capita as there was before the national banks were established all over the country?

Mr. WINDOM. I should think our various uses of paper, checks, etc., are increasing, and yet I do not see any reason why it should increase much in the future, because all the appliances that can be devised almost are being used now.

The CHAIRMAN. On behalf of the committee I desire to express our thanks to you.

Mr. WINDOM. I desire to express my thanks to the committee.

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